

App. F. IX-4

1927.A

File No. 8-27.

Previous References

9+E 6-1A (7-10, 13)

J. D 16-26 (1-14, 15-14 + 21)

Later References

Police 57-19 (1-54)

J. D. 10-31 (1-6)

Serial Nos. 1-3 12, 14,

15, 16, 18, 21, 21-34
37, 37a, 43-45, 47

48-55.

General and Revenue Secretariat.

P-150-E

Serial Nos. including your

Part B for March 29.

SUBJECT

Second prospectus published by
the Chief Organizer of all India
Mutual aid and Poor House Assn.

12-27

715/27
P8

53 ✓

G. R. S. 11]

1927.

GENERAL AND REVENUE SECRETARIAT.

(G.S.)

NOTES.

File No. 8.

FILE HEADING.

Second Prospectus published by the Chief
Organiser of the All India Mutual-Aid
and Poor/States Association etc.

From

The Registrar of G.S. Co.

No. C 15/27-28

Dated 26-7-27

Received 28-7-27

Diary No. 862

Enclos. 5 Spare Copies. nil

Serial No. 1.

BRIEF ABSTRACT OF LETTER.

States that Mr Naganna has published the new
prospectus without filing a copy thereof in his office
& requests ^{that} in the circumstances explained, legal advice
as to whether the bonds are not debentures, may be obtained
and communicated to him

NOTES AND ORDERS.

This may perhaps be sent to the L. I. Secty
for advice

30-7-27

3) Protn. Br)

2) Dwyer) 30-7-27
5-8-27

518

4) I should like to see a copy of
the bond issued. Please send for
Dec. Secty
with Compt. 1) Let a copy be sent to
D. 18-7-27

GEN. & REV. SECRETARY

NOTES—First Sheet.

732
1812
App. E. III-2
7-2284

Serial
No.

1) Bridge put up

MS
23.8.27

VS

8) Ashu Pm

22/8

2.

No D 1998 of 24.8.27.

To

The Registrar of G.S. CoS

With refce to S.L. requests him to forward
a copy of the bond issued to the donors by
the All India Mutual Aid & Poor Houses
Association Ltd.

Letter No C 15/27-28 of 19/27 from the Regr.

G.S. CoS. Stating that the Chief Organizer of
the Association has been requested to send
a copy of the bond & that it will be subd
soon after its receipt.

3.

No C 15/27-28 of 14.9.27.

From, The Regr. of G.S. CoS

forwards a copy of the bond received
from the Secy of the All India Mutual
Aid & Poor Houses Association Ltd

Secy's note on the P.U.D.

9) "Refces"

(Dud M. R
15.9.27)

10) Subd with References. May be sent
to the J. I. Secy with refce to para 14 sup

MS
16.9.27

VS

11)

Law Secy

Pm

24.9.27

24/9

Sens A
G. & REV. SECRETARIAT
26.11.27
DEVELOPMENT BRANCH.

715.3

App. E. III-21

General and Revenue
Secretariat.

File No. 8

of 1927

Serial
No.

12) my opinion is placed below in column

8
1-12.

13) Devise
with comp¹⁵.

14) Please put up Companies' Regu.

U.S.
3 12 27

15) Companies Regulation Subd.

U.S.
8/12

3/12

16) Subd to Secy D.

3/12

17) The legal opinion, given not without
hesitation, is that the bonds can be
construed as debentures, and that therefore
the Co's promoters have rendered
themselves liable under sec 92 (5)
A copy of the legal Remembrances
note may be sent to the Secy, with
a direction that proceedings might
be taken under sec 92 (5)

18) If the transaction also spends
against the I.P. the matter has
to be refd to the judicial Branch
for considering whether proceed-
ings might be set

U.S.
7 12 27

19) 3rd Member
20) yes

U.S.
8/12
U.S. 9/12 8/12 27

OFFICE OF THE
THIRD MEMBER OF COUNCIL
7 DEC. 1927
No. 5-316

NOTE—Contn. sheet

O P I N I O N.

The principle question for determination is whether the Bonds issued by the All India Mutual Aid and Poor Houses Association Ltd., Mysore are debentures within the meaning of Section 92(5) of the Companies' Regulation. As the question is a difficult one I naturally took some time for consideration. At the outset it may be observed that the terms of the Bonds are ingenuously drawn up, perhaps with a view to escape all liability under the law in force. I sent for a form of the bond with a view to scrutinize its terms. The object of the Association purports to do ~~is~~ ^{and the Association} some charity, also affords some benefit ~~to~~ the bond holders by giving them a portion of the profits realised by the investment of the amount in Government Securities and also a loan on personal security without interest. The word used in the form is a "Bond" and not a 'debenture'. There is no provision made to repay the amount but the bond-holder is entitled to get the profits and loans from the funds and property of the said Association. In fact he is entitled to a charge or a lien on the funds and property according to the rules and regulations of the Association. In other words when the winding up of the Association takes place the amount due to a bond holder will be a preferential charge or lien upon the assets of the Association. Though the principal amount is not payable to the bond holder, yet he is entitled to a dividend

once in 5 years out of the profits made by the Association under clause 10. The bond holders are also entitled to get a loan free of interest. The grant of this loan depends upon the drawings. This is a matter purely of chance. I have ~~stated~~ set out the main provisions of the bond which, I think, are pertinent to the consideration of the question whether the bonds can be considered as debentures within the meaning of Section 92(5) of the Companies Regulation. "Debenture" is admittedly not a technical term or a term of art with a definite meaning. It is used in loose sense in many Acts. The meaning of this term may be illustrated by enumerating some of its more common or salient characteristics.

(1) Debenture usually provides for the payment of ~~the~~ a specific principal sum at a specified date, but there are millions of pounds of what are called perpetual or permanent debentures ~~xxx~~, viz. debentures payable not at any fixed date, but on a contingency e.g., in the event of a winding up!

(2) A debenture usually provides for the payment of interest at a specified rate, but sometimes it carries no interest, or the amount of interest payable varies with the profits.

(3) A debenture generally contains a charge on the undertaking of the company or some part of its property, but the term debenture does not necessarily, like the term mortgage debenture, imply security

and debentures to large amounts have been issued especially in Scotland without any such charge (Edgington v Fitzmaurice 29 C.D. 459) ~~and see British India &c., Co., v I.R. Commissioners and Speyer Bros v. I.R. Commissioners (infra).~~

As a general rule, the term debenture is not applied to an instrument unless it purports to be a debenture. But this rule is sometimes disregarded e.g., see Gardner v London, Chatham and Dover Ry Co., 2 Ch. 201, Enthoven v Hoyle, 21 L.J.C.P. 100 (1852)

Lindley J. ⁱⁿ British India &c., Co., v Commissioners of Inland Revenue 7 Q.B.D. 165, 172, 173 observed--

"What the correct meaning of debenture is I do not know. I do not find anywhere any precise definition of it. We know that there are various kinds of instruments commonly called debentures. You may have mortgage debentures which are charges of some kind on property. You may have debentures which are bonds.....you may have a debenture which is nothing more than an acknowledgment of indebtedness. And you may have a ~~th~~ thing like this which is something more; it is a statement by two directors that the company will pay a certain sum of money on a given day, and will also pay interest half-yearly at certain times, and at a certain place upon the production of certain coupons by the holder I think any of these things which I have referred to may be debentures within the Act"

Chitty J. in Levy v Abercorris Co., (1887) 37, Ch. D. 264 confesses to a similar - - -

perplexity. "I cannot find any precise legal definition. "he says of the term. It is not either in law or commerce a strictly technical term or what is called a term of art." In *Edmonds v Blaina Co.*, (1887) 36 Ch. D. 219 the same learned judge, however, essays a quasi definition. "The term itself imports a debt--an ~~acknowledgment~~ acknowledgment of a debt--and speaking of the numerous and various forms of instruments which have been called debentures, ~~xi~~ without anyone being able to say that the term is incorrectly used, I find that generally--if not always--the instrument imports an obligation or covenant to pay. This obligation or covenant is, in most cases at the present day, accompanied by some charge or security."

Applying the principle ~~en~~unnciated in those cases to the present case, though the fund contributed by the bond holder is called a donation fund and though the instrument does not mention the bond as a debenture, yet, the bond I think comes within the definition of debenture within the meaning of Section 92(5) of the Companies' Regulation. My reasons are these.

There can be no doubt that it is a loan raised by the Association by means of issue of these bonds to the public. There is an acknowledgment of this debt, In that "the bond holders will have preferential lien for the payment of profits or loans to them on the interest accrued on the said donation fund, in addition to the security afforded by the capital of the Association

(Vide covenant 4 of the bond). Thus the bond holders will have security on the assets of the Association. They are also entitled to be paid dividend in lieu of interest once in 5 years. Though they are not entitled to get the principal sum, yet they have a chance of drawing a much larger sum than the amount tendered by the bond holder as a loan without interest. The salient characteristics of a debenture namely acknowledgment of a debt and a provision for the payment of a sum at a specified date towards interest and the amount payable towards principal on a contingency, namely, in the event of a winding up are present in this case. Hence I am inclined to the view ~~that~~ not without hesitation, that the bonds may be construed as debentures within the meaning of Section 92(5), and proceedings may perhaps be taken against the promoters of the Company for infringing Section 92(5) of the Companies Regulation.

Now it is a question for consideration whether the whole transaction is not a lottery within the meaning of Section 294(a) of the Indian Penal Code, having regard to the fact that a large amount of loan can be secured by drawings and whether the effect of will not beget a spirit of speculation and gaming that ^{is} often productive of serious evils. The principle underlying the lottery is that there should a distribution of prizes determined solely by chance. As the offence of lottery is not a cognizable one and ^{the} sanction of Government is necessary for the court to take cognizance of the offence, the Government have to take steps to prefer

a complaint ~~in this case~~ under this section
As this question has not been referred to
me, I refrain from further examining this
aspect of the case.

D. J. Goffe.
Legal Remembrancer,
2. 12. 1927.

General and Revenue
Secretariat.

File No. 8

of 1927

(6)

Serial
No.

21) Subd with a margin with reference
to para 17 Supro

10/12/27

VS

22) Dft for Ampt

23) Su? D)

UQ

10/12

24) Issue & transfer to Judge Br.

UQ

17 12 27

UQ

D.O. No 8 6426 8 20.12.27

17/12

12 To, The Registrar of J. Co.

Forwards Copy of the Legal Remembrance's
note on the Subject refd to in Sl 19 states that
proceeding might be taken under Section
92 (5) of the Regulation.

25 This may now be transferred to the
Judicial Branch (Ref: to para 18 & 21 Supro).

10/12/27

Protn Br) VS
21.12.27

26 Kind reference is invited to the
opinion kept at the Legal Rem. The
last portion of which deals with
the aspect of the Criminal Liability

Legal Rem ~

8/10/27

Submitted to Superintendent
Dist Branch for
separating certain references
M.L.B.

26/12/27 Thanks

Please Note - Contn. she
Continuation
of the notes

VS
27.12.27

General and Revd.
Secretariat.

File No.

of 192

D.O.No. C 15/27-28

Confidential.

Dear Sir,

With reference to your D.O.No.6426/J.S.

8-27-12 dated 20-12-27 stating that proceedings might be taken under Section 92 (5) of the Mysore Companies Regulation for the issue of a prospectus by the All-India Mutual Aid and Poor Houses Association, Limited, without filing a copy thereof in this office, I write to request you to kindly return the copy of the prospectus and the Memorandum and Articles of Association forwarded to Mr.P.H. Krishna Rao, Assistant Secretary to Government, by my Assistant with this office D.O. No.C.15 dated 26-11-27 as they will be necessary for launching the proceedings against

28 Draft Subd.

Jan
27/12/27

V S 27/12/27

11/12/27

GEN. & REV. SECRETARIAT.
23 DEC. 1927
DEVELOPMENT BRANCH.

OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE.

Bangalore, 23rd December 1927.

5378

5326

715-41
P

App. F. III-2]

General and Revenue
Secretariat.

File No. 8

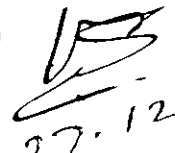
of 1927.

Serial
No.

D.O. No 36676 of 27¹¹/₂₇

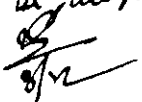
In.

To, The Registrar of F.C.S.

With refce to Sh 13 forwards the papers of
of the All India Medical Aid & Poor Houses
Association Ltd. & requests an acknowledgment
30) Prot'n. Br) 
27.12.27.

Subd to the Anti Secy
Protection. Please see
orders Secy in the
margin of 26/12/27.

Alcoa
7/12/27
11/12/27

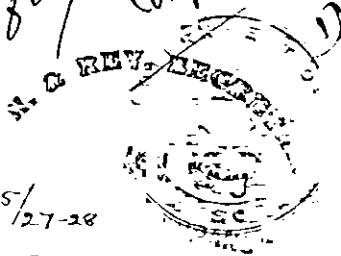
Work up the
question raised in
para. 12 in the file


Low
28/

A proto is being for
series al.
Note
5.1.28.
M
5/1

NOTE—Contn. sheet.

324/907 Compd



put to members with
previous notes

6128

D.O.No. C. 15/
27-28

OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE.

Bangalore, 3rd January 1928.

D.5640 6/1/28

Dear Mr. Rama Rao,

J.S. 8-27-15

I write to acknowledge with thanks the
receipt of the marginally noted papers of the

- | | |
|--|------------------------------------|
| (1) Memorandum and Articles
of Association. | All-India Mutual
Aid and Poor - |
| (2) A copy of a prospectus. | Houses Associa- |
| (3) Two copies of amendments
in the Articles of Asso- | tion, Limited, |
| ciation. | forwarded by Mr. |
| | V.Vedavyasa - |
| | Charya, with his |

D.O.No.D.6676/J.S.8-27-15 dated 27-12-1927.

(2) I beg leave to report for the information
of Government that I have, under Rule 8 of the
Rules published under Notification No.11002/I.&
6-18-21 dated 12th May 1919, authorised the

the Assistant Registrar of Joint Stock Companies, Mysore District, to institute and conduct a prosecution against the said company, its Directors and its past and present Secretaries under Section 92 (5) of the Mysore Companies Regulation.

Yours Sincerely,

Shanmugaswami

To

N.Rama Rao, Esq., B.A., B.L.,
Secretary to Government,
Development Departments,

B A N G A L O R E

General and Revenue Secretariat.	File No.	of 192
	Serial No.	

Subd.

34/2)

The file (js. 8-27) containing the previous references was transferred to the Protection Branch for opinion. This may be sent there for needful action. (Refer to Secy's note on p. 5).

JAN 15 1928
Prot'n Br

Subd.

35 The file is put up (Dev. Branch for submission and return).

Maca

WD 0824-3PB-60,000-24-5-27

11.1.28. M

Development Branch

GEN. & REV. SECRETARIAT
12 JAN. 1928
DEVELOPMENT BRANCH

Said

Secy shows that this
may be brought up by her
thru me

$\frac{J}{H|I}$ Sent to Rott Secy
for den. -
with
Secy -
Mick
17/1/28

715927 *Speed*
108

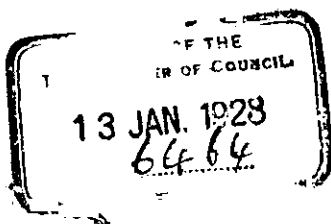
App. F. III-2]

General and Revenue
Secretariat.

J.S. File No. 8 of 1927

Serial
No.

36 The Registrar of Joint Stock
Companies proposes taking action
against the All India Mutual
Aid and Poor Houses Assocⁿ Ltd.
under Sec. 92(b) of the Companies
Regulation for issuing a 2nd
prospectus, without filing a copy
thereof with the Registrar. He reports
that he has authorised the Asst.
Registrar of Mysore to take the
necessary steps to prosecute the
Company.



37 Subd for personal with
18.12.1.28. *JS* ^{ref^m}
3rd m.) *WR*
13/1

38 Item - I find this is under
instruction issued from the Secy.

WR
13/1/28

WR
13/1/28

To the Protection Br.
for the above. 35-
Wage?
- *JS*
16.1.28

NOTE-Contn. sheet.

General and Revenue
Secretariat.

Serial
No.

Please attend at once
D. O. No. C 15/27-28
Immediate and
Confidential.

9
GEN. & REV. SECRETARY
17 JAN. 1928

DEVELOPMENT BRANCH OF
OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE.

Bangalore, 16th January 1928.

Dear Mr. Rama Rao,

I write to request you to kindly return the copy of the bond of the All-India Mutual-Aid and Poor Houses Association, Limited, forwarded to you with this office letter No.C.15/27-28 dated 14-9-27 as it is required to be sent to the Assistant Registrar of Joint Stock Companies, Mysore District, in connection with the prosecution of the said company under Section 92 (5) of the Mysore Companies Regulation.

Yours Sincerely,

J. N. Rajagopal

To

N. Rama Rao, Esq., B.A., P.L.,
Secretary to Government,
Development Departments,
B A N G A L O R E.

DVP. HR

D-5660

39 To the Protection Branch for
kindly putting up the file required urgently.

18-12-28. *[Signature]*

41 File obtained from the Protection
Branch is linked. The file was referred
to that Branch for opinion if the Co.
can be proceeded against under sec. 92.
The reply has not yet been furnished and
the bond ^{wanted} required by the Registrar may
be required for reference to Secy.

W. S. 8727 is herewith
put up
19/1/28
W. S. 8727 is herewith
NOTE—Contn. sheet.

71587 6287 562

General and Revenue Secretariat.

File No. 8 of 1927.

Opinion - regarding the liability of the Company under the I.P.C.

Serial No.

42 Subd for orders if the bond may be sent to the Registrar and the opinion give date Sec. awaiting pending receipt give bond back.

18.1.28

43 The copy of the bond may be sent back, as desired by the Reg. J.S. Co. See D)

18/1

UP 18/1/28

18 128

UP 18/1

44 Subd with a draft returning the bond.

18.19.1.28.

45 Issue

UP 19/1

16 No. D. 7517 of 19.1.28 to Registrar of J.S. Companies. Forward copy of the bond issued by the All India Mutual Aid & Poor House Association and requests that it may be acknowledged and returned when no longer required.

From the Registrar J.S.C. D.O. No C15/27-28.

18. Acknowledges the receipt of the enclosure sent with Sl 16.

46 Subd for orders if the legal opinion called for at para 18 - page 3 - may await

the receipt give bond back from the Registrar.

18.20.1.28.

WD 0324--GPB-60,000-24-5-27

NOTE-Contn. sheet

This will be sent after the Reg. J.S. Co. it

Please return this file to Prov. Br. (Ref. Para 18)

To the Protection Branch

UP 1/2

General and Revenue
Secretariat.

File No.

of 192

Serial
No.715/907
p 87

5) please get ^{unofficial} ~~unofficial~~
 a sample bond form
 refer to in
 file from the H.C.
 of Regt of J.S.C.
 no 2/28

57) Sd. copy of bond was
 obtained from the co.
 by the Regt J.S.C.
 as a reference from this
 office last time and
 this was sent to Registrar
 on his requisition. It would perhaps be
 desirable to write officially for copy of
 the bond. P.S. Flag R
 22/2/28 AMV 57) Draft in regt J.S.C.

Sd. with a draft for approval
 23/2/28 AMV 2/28

To The Regt of Joint Stock Companies
 REP 4985 of 27.2.28

Requests that a copy of the bond
 may be sent for reference.

From Registrar of J.S.Co's as 15/2/28

J.S. copy of bond for reference.

Sd. with the bond for approval.

WD 0321--GPB-60,000-21-5-27

23/2/28

23/2/28

General and Revenue
Secretariat.

File No.

of 192

Serial
No.

57) The conditions subject to which these bonds are issued are set forth in the form of the bond. According to these conditions, the bond-holders pay their subscriptions for the purpose of enabling the Association to maintain poor houses and pinjarpoles in every principal town in India, Burma and Ceylon. But the opening of an institution of this kind in ~~any~~ any town is conditional upon there being not less than 2000 full bond-holders in that town. In other words, the Association undertakes to carry out the object of the scheme only if the people of every town desiring such an institution subscribe not less than Rs. one lakh. That this is a condition which is rarely fulfilled is obvious and there can hardly be any doubt that this object of the scheme to which the Association gives prominence is specious. The real object is revealed by the other benefits which the Association holds out to the subscribers. The most attractive feature of the scheme ~~is~~^{is} the chance offered to each individual bondholder who has paid only a subscription of Rs.50/- of getting a loan on personal security and without interest, at the annual drawing of lots, the amount of the loan extending to Rs.10,000/- if his bond happens to be the first to be drawn. Again, the loan so obtained is repayable in monthly instalments of $\frac{1}{2}$ percent i.e., in 200 months. There is also the further

NOTE—Contn. sheet

General and Revenue
Secretariat.

File No. of 192

Serial
No.

advantage held out viz., that if the instalments are paid regularly for 180 months, the further instalments will be excused. (The number of lot drawn and the amount of loan that can be obtained depend upon the number of bond holders for the time being, the fact whether the bonds are full, half or quarter bonds etc., These are only ~~xxxxx~~ matters of detail and they do not affect the main character of the transaction into which the subscribers are invited to enter And in no ~~ex~~ event is the amount paid for bond returnable by the Association. In effect, therefore, these bonds are lottery tickets and those who go in for them buy the chance of obtaining a loan on the terms stated above - and this loan again, a part from its other attractive features, is not wholly a loan as one-tenth of it is not repayable ^{at all} if the remaining nine-tenths of it are paid in regular instalments. This one-tenth is therefore clearly a prize awarded to the bond-holder -- concerned. The scheme put forward by the Association appears, therefore, to be a lottery

52/P It has to be ascertained whether the Association habitually keeps any office for the purpose of drawing of this lottery or whether the Association has merely published this lottery Scheme and done nothing more. The particular individual

Para 1
of S. 294A, I.P.C.

* Para 2
of S. 294A, I.P.C.

NOTE—Contn. sheet

4270 6287
D

General and Revenue
Secretariat.

File No. of 192

Serial
No.

that have to be prosecuted have also to be determined. These are matters to be decided after necessary enquiry. Section 196 A ~~xx~~ Cr.P.C. provides for the District Magistrate ordering a preliminary police investigation in cases of this kind.

Secy)

8/3

b) I have already given my opinion
that I have nothing more good to say.
In many cases of persons
requiring to take action with
them. I have written to
8/3

Yes Secy?
with copy

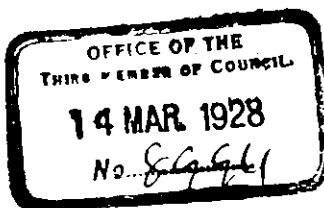
9.3

01) The Regt may be requested to place himself in communication with the Dist Magistrate and ~~also~~ ^{under sec 196 A P.C.} move him to ascertain by preliminary inquiry ~~whether~~ the particular individuals who have been prosecuted, and the particular offences (whether para 1 or para 2 of sec 294 A P.C.) for which they have to be prosecuted.

02) After receipt of this information, Order might be issued ^{under sec 196 A P.C.} authorising the Regt to have a complaint filed ~~under sec 196~~ before the Court having jurisdiction.

53/4

14/3



NOTE—Contn. sheet

3rd Member)

WD 0324—GPB—60,000—24.5.27

15/3/28

14-3-28

General and Revenue
Secretariat.

J. S. File No. 8

of 1927

Serial
No.

1. Submitted

A Draft L.O. to the Registrar of Joint-Stock Companies, is herewith Submitted for approval.

CDR
16/3.



Secy D)

6b) /



19 3 28

17/3

21.

To.

S. P. Rayu Gopalachari Esq, D.A., B.A.
Registrar of Joint Stock Companies

D 9999 / J.S. 8-27-24 dt 20-3-28.

Request States that Govt are advised that the Scheme of Loans put forward by the Association is a lottery, under Sec. 294 A of S.P.C and requests ^{him} to place himself in communication with ~~with~~ the District Magistrate, Dhane and move him to ascertain by preliminary enquiry under Sec. 196 A, Criminal Procedure Code, the particular individuals of the Company, who have to be prosecuted and the particular offences, (Whether Para 1, or Para 2, of Sect. 294 A, S.P.C) for which they have to be ~~tried~~ prosecuted and report to Govt early.

S. J. A

GEN. & REV. SECRETARY
NOTE—Contn. sheet
23 MAR 1928

DEVELOPMENT BRANCH,

8601

App. F. III-2]

General and Revenue
Secretariat.

J. S. File No. 8

of 1927.

Serial
No.

67

Member's Orders (after interview with Directors of the All India Mutual Aid and Poor houses Association).

If the Head Office asks for time to^{re}consider the position with regard to the views of Government on the aims and action of the Association, and to see what steps should be taken to make its policy inoffensive, Government will be prepared to give them time, by keeping the proceedings in abeyance

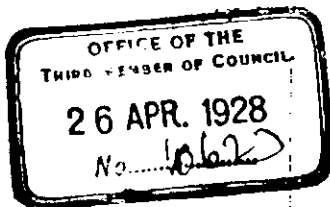
a time say 3 months

3rd Member)

WJ
26/4/28

WJ
26/4

WJ
26/4
WJ
27/4/28
WJ
27/4



Mr. Abdul Rahman
Mr. Hayes
Mr. E. H. H. H. H. H.
& another -

27

From

The Chief Organizer, All India Mutual Aid & Poor Houses Association Ltd

No 1620 D. 24-4-1928

Forwards a copy of his letter No 1591 D. 23-4-28 to the District Magistrate, Dapur, stating that he is being unnecessarily and unjustly harassed and the progress of the Association is thereby being

NOTE--Contn. sheet.

9078

App. F. III-2]

17

General and Revenue
Secretariat.

S File No. 8

of 1927

Serial
No.

Checked and requests that arrangements may be made so that he may not be harassed any further

68 Submitted for kind perusal.

CPB
28/4

69 No action recommended on this letter.

Secy D)

11/5
3 5 28

11/5

2-5

28

From.

The Registrar of Joint Stock Companies in Mysore
D.O. No C 421/27-28 Dd 30-4-1928.

States that he has asked the Secretary of the All India Mutual Aid & Poor Houses Association Ltd, to drop the scheme and that the District Magistrate Mysore has been requested to conduct the preliminary enquiry on the subject and to furnish the required information

29 From

The Chairman of the Board of Directors
All India Mutual Aid & Poor Houses Association
Ltd.

Pray that three months time may be kindly granted and necessary instructions

NOTE—Contn. sheet.

9187
9188

App. F. III-2] 18

General and Revenue
Secretariat.

J.S. File No. 8 of 1927.

Serial
No.

issued by to the City Magistrates
Mysore, to stay further proceedings
in the case filed against them till
after the said time so that the officers
may in the time meanwhile take
the expert opinion in the matter and
decide which ^{course} case to adopt

70 The G.O. letter of the Registrar of
Joint Stock Companies, is submitted
for kind perusal.

Member's order on the P.W.D (2)

"Three months time may be given.
District Magistrate may be written to
deni officially. If necessary the Court
may be moved to adjourn the case"

(Sd/-) C.S.R
1/5/28

71 A draft is submitted for approval

C.B.R.
H/S

Lecy/S)

VS
7.5.28

7/5

72 Issue

AK
7.5.28

30 To

AV Ramenathan Esq. B.A, District
Magistrate Mysore Dist

91873
9188 }
J.S. File No. 8 of 1927.Serial
No.

D 12120 / J S 8-27-30 & 11-5-1928.

Forwards a copy of representation dated 30th April 1928, from the directors of the All India Mutual Aid & Poor Houses Association, Mysore and states that Government are in the circumstances pleased to give them three months time as prayed for and requests him to take the necessary steps by moving the Court for an adjournment if necessary to afford them this time.

Gen B AM

5-8-1928

GEN. & REV. SECRETARIAT.
11 MAY 1928
DEVELOPMENT BRANCH. 31

From,

The Registrar of Joint Stock Companies in Mysore
Do No C 421 / 27-28, dt 12-5-1928

Forwards a copy of the Secretary's letter no 1772 dt 7-5-28 stating that the directors have decided to remove the objected portion from the prospectus and that they will take the necessary steps to file a revised prospectus very shortly and states that he has asked the Secretary to pass a special resolution changing the original Articles of Association and file a copy thereof, as required by section 82) per Registrar's remarks on the p.u.d.

73 "Submitted for information"

(Sd) M. R.
14-5-28

NOTE - Contn. sheet

9634

App. F. III-2]

20

General and Revenue
Secretariat.

J.S. File No. 8 of 1927

Serial
No.32. Third Member's order "74
Seen" (GWS) C.S.B.
19/5.
From.

The Chief Organiser, All India Mutual and
And Poor Houses, Association Ltd, Mysore
No 1807 dt 15th May 1928.

States that the Directors have decided to
discontinue the grant of loans by drawings,
that the Registrar of Joint Stock Companies
has been informed about the fact, though it
was perfectly legal, as ^{he} was informed by the
Provincial Directors at Bangalore, that the
method was not acceptable to Government
and Requests that instructions may be
issued to the Registrar of Joint Stock Companies
to withdraw his Complaint before the 19th
instant, when the case stands adjourned.

75 Orders of the Third Member on the P.W.D.
"By Registered Post, Send to Registrar
C.S. for opinion" (GWS) C.S.B. 12/5.

76 As directed, A draft to the
Registrar of Joint Stock Companies is submitted
for approval.

C.B.R.
18/5.

VS

77 Issue
11/7
19/5

9634

App. F. III-2]

21

General and Revenue
Secretariat.

J.S. File No. 8 of 1927

Serial

No.
33

To the Registrar of J.S. Companies
No: D 12598/Sec 2. of 21/5/27
Forwards the letter with its enclosures
received in sl: 2 above for opinion
and return

34

Thm.

The Registrar of Joint Stock Companies

D.O. No C.15/27-28 dt 21-5-1928.

Forwards a copy of letter No Cyl. 742/25 dt 1/3 May
1928 together with its enclosures received from the
District Magistrate, Mysore, containing among
others a report on the preliminary enquiry
investigation conducted by the Assistant Super-
intendent of Police, Mysore City, under the orders
of the District Magistrate and States that the Asst-
Supt, of Police is of opinion that action can be taken
under both the paras of Section 294A of the G.P.C
and suggests the desirability of examining the accounts
of the Company and prosecuting the officers etc for
swindling, that the Secretary has been requested
to pass a Special Resolution making the necessary
changes in the Articles of Association and file a copy
thereof, and suggests for the consideration of
Govt, if it would not be desirable to defer the
question of instituting further process.

9812

App. F. III-2]

22

General and Revenue
Secretariat.

J.S. File No. 8

of 1927

Serial
No.

Under Section 294A of the Criminal Code while a copy of the said Special Resoln is filed, that unless there is evidence of some fraud or criminal act, ~~independent of these~~ no case for immediate action will arise, ^{and then} on receipt of the First Balance Sheet of the company, necessary explanations will be called for under Section 137 of the Companies Regulation.

Submitted with references.

Secretary's order on the P.W.D.

18th Reference(G.D.) N.R.
24/5/28

Submitted with references.

The Registrar states in his letter No. C421 of 12-5-1928, that the ^{has} directors have decided to remove the objected portion from the Prospectus and that he asks the Secretary to pass ^{Special} ~~the~~ resolution changing the original Articles of Association and file a copy, thereof, in his office.

80 (X) Kind reference is also invited to letter No.

D 12120 / S. 8-23-30 of 11-5-1928, to the District Magistrate, Dypre, requesting him to give 3 months time and to move the Court for an adjournment.

Submitted for orders

C.R.
23/5Su^y D)U.P.
23/5

NOTE—Contn. Sheet.

25/5/28.

951 ✓

General and Revenue
Secretariat.

File No. 8 of 1927.

Serial
No.

OFFICE OF THE
MEMBER OF COUNCIL
29 MAY 1928
No. 11746

1st I agree with the Reg that the question
of instituting further proceedings under
Sec 294 IPC might be deferred until
receipt of a copy of the resolution of
the Assn to drop the scheme objected
to us by them.

2d Member)

RK
26-5-28
WR 26/5

3d I agree

83
30/5 Ref. J. H.
RK
31-5-28
WR 31/5

4th Subd with a draft...
100.1.6 28. 85) Issue
WR 1/6

37A. Letter no. D. Camp. 73 dated 2nd June 1928 to
the Reg. of J. S. Ess. stating with Govt. approval
of his suggestion to defer taking proceedings
against the Co pending receipt of
special resolution by the Assn.
Copy to Mr. Magistrate Mysore.
No. D. 7482.6.28.

General and Revenue
Secretariat.

JS File No. 8 of 1927.

Serial
No.

38

Lo

M. L. Naganna, Esq.,
Chief Organizer,

N.O. D 12963 of 6.6.28

Acknowledges receipt of his letter no:
1911 of 24.5.28 (Sl: 37) and states
that the matter referred to therein is
receiving attention.

40 From.

The Registrar of Joint Stock Companies
NOC 15/27-28 of 12-6-1928.

With reference to Sl 32) States that he has no
objection to for the withdrawal of the case if
the Company give assurance that they would
not transgress the law as regards the filing
of the Bond prospectus,

26) Remarks of the Secretary on the P. W. D.

27) If Mr Naganna gives an assurance of the
kind referred to by the Registrar, the presentation
may be withdrawn."

(Sd) N. R. 13/6/28

28) Second Member's orders on the P. W. D

29) I do not think we can accept such
assurances from Mr Naganna who is a
slippery customer I believe we have already

Deputy

Serial
No.

fixed a time limit of two months for the necessary formalities in respect of the bonds. If the Company do not take action till then, the prosecution may go on

(and) C.S.B.
19/6.

91) Submitted with a draft for approval.

C.B.R.
23/6

VS

91) Dft for app or other work
S.W.D.) W.P.
23/6

92)

W.P.
3 7 28
3/7

23/6

43. To.

Mr S. P. Rajagopalachari B.A. B.L.

Registration of Joint Stock Companies in Mysore

D 57/ J.S. 8-27-43 Or 4-7-1928

States that Government are not disposed to attach much importance to the assurances held out by Mr M. Nagamma, that no action seems to be necessary at present and that the prosecution may go on after the lapse of time limit if in the meantime the association does not take suitable action in respect of the bonds

General and Revenue
Secretariat.

J. S. File No. 8

of 1927

Serial
No.

44

From

The Registrar of Joint Stock Companies in Mys.
NO C 421/27-28 D. 3-7-1928

States that Mr Naganna appears to have issued the Prospectus which he was asked not to issue until he received the intimation of its filing, that he wants him to withdraw the case already in Court and to give him an assurance that the question of drawings is ended and that the directors will either propose the discontinuance of the drawings or start the Association elsewhere and requests to be permitted to inform Mr Naganna definitely that until he takes definite steps to have the special resolution cancelling the lottery scheme passed and gives an assurance undertaking that he will comply with the requirements of law, Government cannot give him any assurance about the withdrawal of the case or the dropping of the question of lottery.

9b) Remarks of the Secretary on the P.W.D

9c) "It is difficult to get this Company to see reason. The Registrar may be authorised to take action as proposed in Para 3) of his letter.

(Sd) M.R

4.7.28

Second Member)

57

App. F. III-2]

General and Revenue
Secretariat.

P.S. File No. 8 of 1927.

Serial
No.

95) Second Member's Order on the P.W.D.
 94 "I agree"
 (Ind) C.S.B.
 4/7

97) A draft to the Registrar of Joint Stock
 Companies is submitted for approval

C.P.R.
 6/7

98) Issued

MS
 7/12/28

45 To

The Regr. of J.S.C.

no 215 of 7-7-28

Requests him to inform Mr. M.
 Naganna definitely that until
 takes definite steps to have the
 special resolution cancelling the
 lottery scheme passed, Govt cannot
 give him any assurance ^{about} ~~that~~ the
 withdrawal of the case

46 From

The Registrar of Joint Stock Companies in Mysore
 C. 421/27-28 D. 2-8-1928

States that Mr. Naganna repeats the assurance
 which he has placed before Govt a number of times
 that the loan scheme of the Company is not a

General and Revenue
Secretariat.

File No.

of 192

Serial
No.

lottery, that he is unable to comment fully thereon as the detailed grounds on which the Scheme has been held to be a lottery, have not been furnished to him, that the Company has been committed to the drawing and will suffer loss, if these are discontinued, and that any authorisation granted will only exempt the Company from punishment under Section 294-A & P.C. but that it is open to doubt whether the Scheme would otherwise be legal as to make contracts made between the Company and parties valid in law and requests to consider any need for fresh consideration has been made out.

99) The reasons advanced by Mr. M. P. Nagannan to prove that the Scheme does not amount to a lottery are that 1) the Commentaries under Section 294-A I.P.C. of Ganis & Patanlal, state that a lottery is the distribution of prizes but not that of anything else by lot 2) the judgment delivered by the Full Bench of the Madras High Court tends to show that the Chit transaction is a legal one.

100) The Registrar of Joint Stock Companies states expresses his inability to comment on the reasons put forth by Mr. Nagannan, in the absence of detailed grounds on which the Scheme has been held to be a lottery.

101) At this stage, the letter of Mr. Naganna with its

General and Revenue
Secretariat.

J.S. File No. 8 of 1927.

Serial
No.

enclaves (enclaves as the J. W. D.) may perhaps be referred to the Protection ^{Branch} for favour of opinion.

102) Submitted for ~~order~~ orders, as the case stands adjourned to the 23rd August 1928.

CDR
24/8

[Signature]

103) The Legal Remembrance may be consulted.

Secy D)

UP
6/8/28

104) I think the reasons set forth in para 57 are ^{to my mind} conclusive on the subject. I don't see that ^{at this stage} necessary or expedient to enter into a discussion with Mr. Nagamma - who has been obtaining the advantage of plenty of leisure for controversy. ^{at this stage} Since the matter is before a Com. it would be best to leave it to them to decide.

L.R. with complts)

[Signature]
7 8 28

GEN. & REV. SECRETARIAT
9 AUG. 1928
DEVELOPMENT BRANCH

105) I agree with the Dev Secy, as the useful purpose is served in discussing with Nagamma at this stage. *[Signature]*
7.8

Dev Secy
with complts

1st Member) 106) I agree. The 9 8 28
Revs. may be *[Signature]*

informed accordingly *[Signature]*

[Signature] 18 8 28 *[Signature]* 11/6 10-8-28

NOTE—Contn. Sheet.

THE
JUNCIL
9 AUG. 1928
No. 964

General and Revenue
Secretariat.

S. File No. 4 of 1927.

Serial
No.

107) Submitted with a draft with reference to para

106)

C.R.

14/8

15

108) Dft for appl or other oroen-

Sec^y D)

109) issue 16/8

18

18 8 28

To

The Registrar of Joint Stock Companies

D 2155 / P.S. 8-27. dt 18-8-28

States that the decision contained in MD 215/P.S. 8-27-28 is conclusive on the subject and that it is inexpedient to enter into a discussion with at this stage and that the prosecution may go on after the time limit if within that time the Association does not take action in respect of the bonds in question.

From

The Registrar of Joint Stock Companies

D.O. No C 421 / 27-28 dt 21-8-28

Requests permission to withdraw the case filed in the Court.

Orders of the Secretary on the P.W.D

110) "References at once"

(Gtd) N.R. 21.8.28

General and Revenue.
Secretariat.

Y.S. File No. 8 of 1927.

Serial
No.

Reg "I"

Submitted with references.

- 111) Kind reference is invited to D. O. NO D 12120 / J.S.P.V. D. 11-5-1928 (quoted in the letter under reference) to the District Magistrate Mysore, requesting him to move the Court for adjournment for 3 months. In the letter under quoted above, Court did not direct the Company to close itself. only 3 months time was afforded to the Company to enable them to act up to the demands of Court.

Submitted for orders.

- CSP 24/8 112) The case has in the meanwhile, been arranged to be adjourned for another month; by then, something definite would have been decided by the Assocⁿ. If it ceases to exist in the State, no further action is necessary here.

07. ~~Kind ref is invited to the~~
~~Assocⁿ file - NO~~
~~to record his opinion~~
 See 7 D) U9 22/8.

- 113) Please put up a reply that Court agree that if the resolution to shift the Assocⁿ accounts out of Mysore, ... & effect, there would be no need to have the prosecution, but that the

1622

32

App. F. III-2]

General and Revenue
Secretariat.

85 File No. 8 of 1927

Serial
No.

Withdrawal of the case might be
deferred, and the case kept pending,
till the transfer to Madras actually
takes place

WJ
24 8 28

WJ
24/8

114)

Submitted with a draft for approval

CRR
24/8

1/5

115) Df for appl
Secy D)

WJ
25/8

(1st Member)

WJ
25-8-28

WJ

Muk 25/8
27-8-28

116) Issue

WJ

27 8 28
WJ
27/8

49

To
The Registrar of Joint Stock Companies in Mysore
D2468 / 8 S 8-27-49 L, 28.8.28
States that: Govt agree that if the resolution

OFFICE
27 AUG. 1928
1356

General and Revenue
Secretariat.

File No. 8 of 1927.

Serial
No.

of the Company to strike the Association
activities out of Mysore is carried into effect
there would be no need to press the case in
and that the withdrawal of the case might
be deferred and the case kept pending till
the transfer to Madras actually takes place

A
GEN. & REV. SECRETARIAT.
18 SEP. 1928
DEVELOPMENT BRANCH

50

From

The Registrar of Joint Stock Companies

D.O. NO 421/27-28 D. 17th December 1928.

States that the Secretary of the Company has reported
that a Company by name Universal Mutual Aid & Poor
Houses Association Ltd was registered under the Indian Compa
Act in Madras, that the Mysore Company is under
liquidation and will be dissolved in due course
and that he has requested the Public Prosecutor
to withdraw the case.

Remarks of the Secy on the P.W.D

117" " Submitted for information.

(Sd) N.R.
18.12.28

118) Orders of the Member

(Sd) M.N.K
19.12.28

Serial
No.

51

From

The Registrar of Joint Stock Companies

D.O. No C 15/27-28 of 18-12-1928.

Suggests that as the Company has passed a winding up Resolution and is consequently under liquidation and will be dissolved in due course, there is no need to institute further proceedings against its officers. Requests approval for requesting the ~~defunct~~ existing Magistrate to return ^{to the company} the books seized by Assistant Superintendent of Police, ~~but not to be~~ submitted for orders.

CPR.

21/12

Secy D)

1/5
22-12-28

602

120)

The Registrar's proposal may be added

(1st member)

121) yes

23/12/28

only
25/12/28

1/5

26-12-28

122)

Submitted with a draft for approval; with reference to paras 120 & 121 above.

CPR

24/12

A. 82

29/12

123)

/cme

1/5

31/12/28

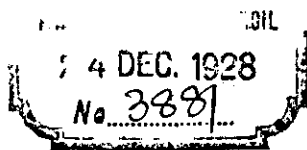
53.

To

The Registrar of Joint Stock Companies in Mysore

D 6937/ F.S. 8-27-53 of 4-1-1929.

States that Govt agree with him that there is no



see Sec II 52
next page

Serial
No.

necessity to institute further proceedings against the Officers of the All India Mutual Aid and Poor Houses Association Ltd under Section 894 A of the I.P.C in view of the resolution of the Company to wind up the concern and requests him to move the District Magistrate, Mysore to return to the Company the books & papers seized by Assistant Superintendent of Police.

52. From

The Registrar of Joint Stock Companies
S.O. No C 42/27-18 Dated 28th December 1928
Reports that the Public Prosecutor Mysore has intimated that the City Magistrate permitted the withdrawal of the case against the Company and acquitted the accused under Section 21 of the C.P.C.

21) Remarks of the Secretary on the P.W.D
Sd/- (Sd/-) NR 28.12.18

10) Orders of the Fin Member
(Sd/-) M. N. K
2/1/29.

54 From

The Registrar of Joint Stock Companies
C 42/27-28 Dated 8-1-1929.

Forwards a bill for Rs 26/- received from the Public Prosecutor Mysore for work done in connection with the Prosecution of the All India Mutual Aid & Poor Houses Association and requests sanction to the payment of the bill

Serial
No.

from the Contingent grant of ~~this~~ ^{the} department
for the current year

(16) Submitted for orders with references.

CRR
16/1

VS

(17) May be sanctioned.

Secy of

Cer
28.1.29

UT

29.1.29

Cer
29/1

(128) Yc > mcs

30.1.29

UT

30.1.29

Cer
31/1

(139) Submitted with a draft for approval.

CRR

3/2/29.

VS

Secy of

Cer
1.2.29

Issue

UT

12.2.29

55

To

The Registration of Joint Stock Companies (with the
The Companies Act 1928).

D 8272-73/ G.S. E-27-55 of 15.2.29

Page

Sanctions the payment of the bill for Rs 24/1/- to
the Public Prosecutor, Mysore, from the Contingent
of the Department (Joint Stock Co) for the current year.

JAN. 1929
No. 4547

Serial
No.

from the Contingent grant of ~~the~~ ^{the} department
for the current year

(16) Submitted for orders with references.

CRR
16/1

[Signature]

(127) May be sanctioned.

Secy of

Cen
28.1.29

[Signature]

29.1.29

Cen
29/1

(128) Yes

30.1.29

[Signature]

30.1.29

Cen
31/1

(129) Submitted with a draft for approval.

CRR

3/2/29

[Signature]

Secy of

Cen
1.2.29

Issue

[Signature]

12.2.29

55

To

The Registrar of Joint Stock Companies (with the bill
The Comptroller to Govt.

D 8272-73/ G.S. 8-27-55 of 15.2.29

payable

Sanctions the payment of the bill for Rs 27.40
to the Public Prosecutor, Mysore, from the Contingent grant
of the Department (Joint Stock Co) for the current year

JAN. 1929
No. 4547

Serial
No.

As the Cases launched against the All India
Mutual Aid and Poor Houses Association Ltd have
been withdrawn, and as the Company has
shifted its activities to Madras, there seems to be
no necessity to continue the correspondence on
this Subject.

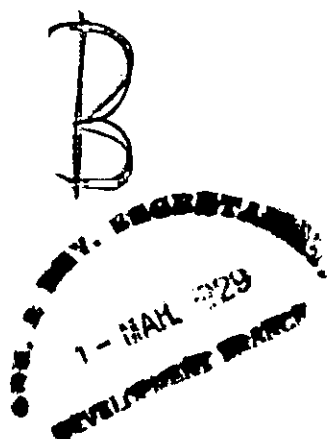
If Approved the file will be closed.

CPR
20/2. 1929.

May 27

28.2.29

Yes
28/2/29



GOVERNMENT OF MYSORE.

IN REPLY PLEASE REFER TO
NO. C 15727-28
ENCL. 5

Office of the Registrar of Joint Stock Companies
in Mysore.

Dated, Bangalore... 26.11.27... July... 1927
27th

FROM

S.P. Rajagopalachari, Esq., B.A., B.L.,
XXXXXX HONORARY SECRETARY XXXXXXXX

Registrar of Joint Stock Companies in Mysore.

Bangalore

To -

N. Rama Rao, Esq., B.A., B.L.,
Secretary to Government of His Highness
the Maharaja of Mysore,
Development Departments,
Bangalore.

Sir,

I have the honour to state that the Chief Organiser of the All-India Mutual Aid and Poor Houses Association, Ltd., forwarded a copy of the second prospectus for being registered under Section 92 of the Mysore Companies Regulation. As it did not comply with the requirements of Section 93 (d) in as much as it does not contain the amount offered for subscription on the previous allotments made, the amount actually allotted and the amount paid on the shares so allotted, it was returned to him for re-submission after supplying the omissions. But he replied that it could not be resubmitted for being registered as the Articles of Association on which it had been based had since been amended and that a separate bond and prospectus consistent with the amended Articles had since been published. He has sent a copy of the said prospectus for my perusal and has requested me to refund the amount paid by him for registering the copy of the second prospectus (vide copy of his letter No 2763 dated 11th May 1927 and the copy of the published prospectus herein enclosed).

2 It will be seen from the above that he has published the new prospectus without filing a copy thereof in this Office. Mr. Nagannah's idea seems to be that the new prospectus he has published

2.

~~prospectus~~ published does not partake of the nature of a - share or debenture prospectus so as to render it necessary to be filed prior to its publication.

3. The original Memorandum and Articles of Association with copies of the additions and alterations made in - the Articles of Association are herein enclosed for reference. The most important Articles which alter the nature of debentures are the new Articles 12 and 19. According to the - original Articles 12 and 19, the amount of each bond, viz., Rs.50/- was considered a deposit and it was returnable to the bond-holder at the time of his paying the last instalment of any loan granted to him. The new Article 12 calls the amount a donation and under Article 19, the bonds have to be - surrendered by the bond-holders before they get any loans - under that Article. The changes made in these new Articles do not essentially alter the nature of the bonds; for the - bond-holders are still entitled to interest and profits on the amounts and they are entitled to obtain loans on the strength of their owning the bonds. The present prospectus thus involves an invitation to the Public to subscribe to certain bonds which though irredeemable still carry certain benefits. I am inclined to think therefore that the new prospectus comes within the purview of Section 92.

4. In the above circumstances, I request that legal advice may kindly be obtained as to whether the bonds are not debentures and that the same be communicated to me. In case the legal opinion is that the bonds are debentures, the Company and its Officers will have rendered themselves liable

to

2.

to be proceeded against for infringing Section 92 (5).

I have the honour to be,
Sir,
Your most obedient servant,

Imajagora

Registrar. —

&

BR.

SUBJECT

Diary No. of letter replied to

Section 78.

File No. 8-27.

Serial No. 2

No. D 1998

General and Revenue Secretariat

()

the

192

To

The Registrar of J.S. Co.

Sir

Date of issue 24.8.27

Signed by M. S. 27

With reference to your letter No

O 10727-28 D 26/27th July 1927 re. the

new prospectus published by Mr

Nagarene Chief Organizer of the All

India Mutual Aid & Poor Houses Assoc

Ltd, without filing a copy thereof

in your office. I am directed to

request that a copy of the bond

issued by the All India Mutual &

Poor Houses Association Ltd. to those

who make a donation may be

kindly forwarded to this office

over

List of enclosures.....

Copied by.....

Examined by

very early date

I have etc

^{Mr}
24/8
For Sec Secy to Govt

28-29 

GOVERNMENT OF MYSORE.

IN REPLY PLEASE REFER TO NO. C 15/27-28 ENCL. -

GEN. & REV. SECRETARY
1927
DEVELOPMENT BRANCH.

Office of the Registrar of Joint Stock Companies
in Mysore.

Dated, Bangalore... 1st September 1927.

FROM

S.P. Rajagopalachari, Esq., B.A., B.L.,
~~XXXXXX~~
Registrar of Joint Stock Companies in Mysore,
Bangalore.

TO

N. Rama Rao, Esq., B.A., B.L.,
Secretary to Government of His Highness
the Maharaja of Mysore, Development Departments,
Bangalore.

Sir,

With reference to your letter No.D.1998 dated 26th August 1927,

I have the honour to state that the Chief Organizer of the All-India
Mutual Aid and Poor Houses Association, Ltd., has not sent a copy of
the bond issued to persons who pay donations as it is not required
to be sent to this Office. He has now been requested to send a -
copy of it and as soon as it is received, it will be submitted to -
Government.

I have the honour to be,
Sir,
Your most obedient servant,

S. P. Rajagopalachari
Registrar.

81

BR.

Reps
17

GOVERNMENT OF MYSORE.

IN REPLY PLEASE REFER TO
NO. C 15727-28
ENCL. one

159 27
June 1569

GEN. & REV. SERVICE
15 SEP 1927
DEVELOPMENT BRANCH

MYSORE.
22826
Office of the Registrar

Office of the Registrar of Joint Stock Companies
in Mysore.

Dated, Bangalore... 14th September 1927.

FROM

S.P.Rajagopalachari, Esq., B.A., B.L.,
~~XXXXXXXXXXXXXXXXXXXX~~

*Registrar of Joint Stock Companies in Mysore,
Bangalore.*

To

N.Rama Rao, Esq., B.A., B.L.,
Secretary to Government of His Highness
the Maharaja of Mysore, Development Departments,
Bangalore.

Sir,

In continuation of this Office letter No.C.15/27-28 dated 1st September 1927, I have the honour to submit herewith a copy of the bond received from the Secretary of the All-India Mutual Aid and - Poor Houses Association, Ltd.,

I have the honour to be,

Sir,

Your most obedient servant,

Spangord

Registrar.

24.

BR.

SUBJECT.....

I
Please note
an extra C.F.
for 1. R.

Diary No. of letter replied to.....

Section 98.

File No. 8-27.

Serial No. 12

No. *D 6426**Encl. one*

General and Revenue Secretariat

()

the

192

Confidential.

Date of issue.....

20-12-27

Dear Sir

Signed by.....

Mr. V-V. Acharya

List of enclosures.....

Copied by

Examined by

With reference to the
 Correspondence ending with
 your letter No C 15/27-28 & 14-27
 re the question whether the
 Bonds issued by the All
 India Mutual Aid & Poor
 Houses Association Ltd Mysore
 are debentures within the
 meaning of Section 92B of the
 Companies Regulation, I am
 directed to forward herewith a
 Copy of the Legal Remembrances

over

ite on the subject & to state
that proceedings might be
taken under Section 92(5)
of the Regulation.

Yours sincerely,

~~10/12~~
10/12

US
10/12

US
17/12/27

To, .

The Registrar of J.S. Co's

VS

SUBJECT.....

Diary No. of letter replied to.....

General and Revenue Secretariat

the

192

Date of issue..... 24.11.27

Signed by..... Mr. V. V. herein

- 1) Memorandum of Articles of Association
- 2) A Copy of a Prospectus.
- 3) 2 Copies of amendments in the articles of Association

List of enclosures.....

Copied by

Examined by

Section 98.

File No. 8-29.

Serial No. 14

D.O. No. 86676

Encl 4

To

Confidential

Dear Sir.

As desired in your letter no. C15/27-28 & 23.12.27, I am directed to enclose herewith the marginally voted papers of the All India Mutual A & Poor Houses Association Ltd and to request ~~as desired in your letter~~ the favor of an ~~acknowledgment~~ ^{acknowledgment}

Yours sincerely.

H.P.

27/12

27/12/27

Do

The Registrar of G.S. Co's

over

SUBJECT.....

Diary No. of letter replied to.....

General and Revenue Secretariat

()
the 192

Date of issue.....

Signed by.....

List of enclosures.....

Copied by

Examined by

Section 7.5.

File No. 8-27

Serial No. 16

No. D75-17

Enc / Bond

To The Registrar of J.S.C.

Dear Sir

I am desired to
forward herewith ^{the} copy of
the bond issued by the
All India Mutual Aid &
Poor Houses Association to
~~persons who have donations~~
as ~~desired~~ requested in your
letter no. C-15/27-28916-1-28
The receipt of the same may be kind of ack'd
The same may be ret-
ained office when no longer
required

18-12-1.28 ^{over}

UP
19/1

ys

Serial
No.

WR
20/12
D. O. No. C 15/27-18

CONFIDENTIAL. *WR*
20/1

GEN. & REV. SECRETARIAT
30.1.1928
DEVELOPMENT BRANCH
J. S. 8-27-18
OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE
Bangalore, 28th January 1928.

Dear Mr. Rama Rao,

I write to acknowledge with thanks the receipt of the copy of the bond of the All-India Mutual Aid and Poor Houses Association, Limited, forwarded by you with your D.O.NO.D.7517/J.S.8-27-16 dated 19th January 1928. As desired by you, it will be returned to you when it is no longer required.

Yours Sincerely,

S. N. Rajagopal

To

N. Rama Rao, Esq., B.A., B.L.,

Secretary to Government,

Development Departments,

B A N G A L O R E.

DVP. *WR*

SUBJECT.....

.....

.....

Section

File No.

Diary No. of letter replied to.....

Serial No.

No.

14955

General and Revenue Secretariat

the

192

To

The Registrar of
Joint-Stock
Companies

Date of issue.....

27/2/28

Signed by.....

M. N. S.

Sir

I have the honour to

request that a copy of ^{the} bond

issued by the All India Mutual

Aid and Poor Houses Association

(Windy) may be sent for reference and

and to make kind attention to letter

no. 7517 of 19-1-28 in

which early return was requested.

List of enclosures....

Copied by

14955/2

Examined by

I have to

an order to file

law Dept.

for
over

and referred to
the Com. & Engrg
with your letter
no. C. 15-226.7-1927

GOVERNMENT OF MYSORE.

4276
P 827

14

APPLY PLEASE REFER TO NO. C. 15/27-28 ENCL. One

Office of the Registrar of Joint Stock Companies
in Mysore.

Dated, Bangalore... 28th Feb. 1928.

FROM

~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

The Registrar of Joint Stock Companies in Mysore.

To

B. Nagappa, Esq., Bar-at-Law.,
Secretary to the Government of His Highness
the Maharaja of Mysore, Law Department,
Bangalore.

S i r ,

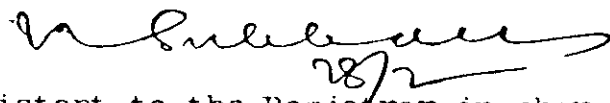
With reference to your letter No.P 4955/Law dated 27th February 1928, I have the honour to forward herewith a copy of the Bond of the All-India Mutual Aid and Poor Houses Association, ~~xxxx~~ Limited.

(2) This is not the same copy sent to the Secretary to Government, Development Departments with this office letter No.C 15/27-28 dated 14th September 1927 and returned by him but is another copy and is identical with it.

I have the honour to be,

S i r

Your most obedient servant,



Assistant to the Registrar in charge
of the office of the Registrar.

NPS.

with

CONDITIONS (continued.)

is not paid within the month in which it falls due, the bond will lapse and the amounts paid thereon will be forfeited to the Association in case the same is not got revived by the Bondholder within three months from the date of default, on payment of all arrears with a penalty of one anna per Rupee per month.

4. Absolute Security :—The Bondholders' Donation Fund (*i.e.*, the principal Bond amounts to be collected from the Bondholders) will be entirely and permanently invested either in the Government or in the Government Securities and the Bondholders will have a preferential lien, for the payment of profits or loans to them, on the interest accrued on the said Donation Fund, in addition to the security afforded by the capital of the Association.

5. Establishment of Charitable Institutions :—

A Charitable Institution (comprising ONE POOR HOUSE for feeding the disabled and nursing the suffering poor and ONE PUNJARAPOLE for nourishing the disabled and sickly cattle and other domestic animals) will be started by the Association in every principal town throughout India, Burmah and Ceylon, where there will be at least 2000 qualified full Bondholders, and 50 percent of the interest that accrues on the Bondholders' Donation Fund will be exclusively utilized for maintaining the Charitable Institutions so started.

If any community wants to have Institutions separate from General Institutions for its moral, spiritual and educational uplift, separate series will be started for that community if at least 2000 Bondholders belong to that community.

6. Eligibility for Loans :—Those Bondholders who will have completed the payment of their full Bond amounts before the beginning of a calendar year, will be entitled to have their names included in the drawings to be held on 31st January in every succeeding year without any extra payment. Those who will not have completed the payments of their full bond amounts before the beginning of a calendar year but who will be paying their Bond amounts by instalments regularly together with Rs. 4 per month per bond as interest and expenses for keeping monthly accounts will be entitled to have their names included in the drawings of that calendar year provided they will have paid interest for that calendar year and no instalments will be in arrears till the end of the said year. Separate drawings will be allowed to take place in any Province, District, Taluk or Principal town where there will be at least 1000 qualified full bondholders. If the name of any partly paid up bondholder is drawn, the balance due towards his bond amount will be deducted out of the loan amount to be paid to him.

If at the time of any drawing there will be less than 1,00,000 full Bonds in a series, one bond for every thousand or part of thousand will be drawn out and each of the said drawn Bondholders will get a loan of Rs. 1000 each unless there will be any part of 1000, when the last drawn Bondholder will get a loan of so many hundreds of Rupees as many complete hundreds of Bondholders there will be in that part of 1000 as per example given below.

Example.

If there will be 78,524 qualified Bondholders in a Series in a calendar year, only 79 names will be drawn out as there will be one incomplete and 78 complete thousands. So, 78 drawn Bondholders will get a loan of Rs. 1000 each while the last, *i.e.*, the 79th drawn Bondholder will get Rs. 500 as there will be only five complete hundreds in that one incomplete thousand.

The holders of half and quarter of the Drawn Bonds will be entitled to half and quarter of the loans drawn by their Bonds respectively. The Bondholders whose names will be drawn in the Drawings shall not only surrender their bonds to the Association, before they get loans but also have no claim whatsoever to any benefit in respect of their Bonds.

8. Repayment of Loan :—For every 1000 Rupees drawn as loan, Rs. 5 per month shall be paid to the Association towards principal alone for 200 months. Repayment of loans may also be made quarterly, half yearly or yearly according to the convenience of the loan recipients in advance. In case of the repayment of loans that fall below Rs. 1-4-0 per month, the repayments shall be made quarterly at least instead of monthly. But if the repayment of loan is made regularly for 180 months, the further instalments will be excused. The loan amounts will be recoverable only from the loan recipients themselves but not from their heirs.

9. Penalty for the Non-repayment of Loan Amount :—In case any Bondholder, after receipt of the loan amount discontinues the payment of his loan instalments for three consecutive months without obtaining the previous permission of the Directors, the full unpaid loan amount with 6 percent interest per annum from the date of default to the date of payment, shall become payable by him to the Association immediately on demand by the Directors.

10. Profits :—The surplus amount of interest accrued on the Bondholders' Donation Fund (after transferring the required amounts for maintaining the Charitable Institutions and grant of loans to the drawn Bondholders) plus the amount of instalments to be re-

1st drawn Bondholder will get	Rs. 10,000
2nd	" 5,000
3rd	" 3,000
4th	" 2,000
Next 20	" 1000 each
Remaining 130	" 500 each
154	Total 1,05,000

MEMORANDUM OF TRANSFER OF BOND.

No. of TRANSFER	TRANSFERRED TO	DATE OF TRANSFER	SIGNATURE OF THE SECY.

SRI VENKATESWARA PRESS, MYSORE.

11. Interim Loans :—These loans will be granted to the non-drawn but fully paid up Bondholders out of the Reserve Fund of the Association on joint security of their bonds and immovable properties at the discretion of the Directors at 9 per cent interest per annum and adjusted out of the loans payable to them when their bonds are drawn, provided the interest is regularly paid to the Association every half year in advance. These loans will be granted only if the state of Reserve Fund justifies the same.

12. Rights of Legal Heirs and Transfer of Bonds:—The legal heirs of the deceased Bondholders shall have the same rights and privileges as the original Bondholders. The Bondholders can transfer their Bonds and the transferees will be entitled to all the benefits and privileges attached to the said Bonds.

Enclosure to Letter No. 223 of 19.1.28 received from the Secretary of the All-India Mutual Housing Association, Ltd.



Series No.
Bond No.

Chief Agency
Influenced by

Full Bond
Rs. 50 = 0 = 0

Half Bond
Rs. 25 = 0 = 0

Quarter Bond
Rs. 12 = 8 = 0

HEAD OFFICE: MYSORE. (S. INDIA).

WHEREAS
(hereinafter called "The Bondholder") is desirous of doing charity and also getting profit or loan on ^{HIS} ~~HER~~ personal security without interest under the Personal Investment Scheme, from THE ALL-INDIA MUTUAL AID AND POOR HOUSES ASSOCIATION LIMITED, MYSORE (hereinafter called "The Association"), for ^{HIS} ~~HER~~ and ^{HIS} ~~HER~~ heirs' benefit and hath delivered into the office of the said Association an application in writing dated the day of
and ~~Nine~~ Hundred and and agreed to take up a full ~~HALF~~ Bond and pay a sum of Rupees One

NOW THEREFORE THESE PRESENTS WITNESS that it is hereby declared by the said Association that, in consideration of the sum of RUPEES TWO & ANNAS now paid as admission fee and cost of Bond by the said bondholder, and in case ~~HE~~^{HIS} or ~~SHE~~^{HER} successors shall pay unto the Association the abovesaid donation amount of Rupees.....
.....either in lumpsum or by.....monthly instalments of Re. 1 each payable on the first day of each calendar month together with As. 4 per month as interest and expenses for keeping monthly accounts, the Funds and Property of the said Association according to its Rules and Regulations for the time being shall be liable to the payment of the Profits and Loan amount to be declared hereafter, in accordance with the conditions printed below to the said Bondholder or ~~HIS~~^{HER} Executors, Administrators Assignees or other Legal Representatives.

IN WITNESS WHEREOF, the common seal of the Association having been affixed hereto, the Secretary and one Director of the Association have hereunto set their hands this.....day of.....One thousand Nine Hundred and

.....Secretary.

.....Director.

CONDITIONS ON WHICH THE BOND IS GRANTED.

1. Issue of the Bond:— The Association issues several series of one lakh Bonds of Rs. 50 each at a time. Quarter and Half Bonds of Rs. 12-8-0 and Rs. 25 each are also issued. This Bond is one of the first Series.

2. Mode of payment of Bond amounts:— Those Bondholders who cannot pay their Bond Amounts in lumpsum but want to pay the same by instalments, may pay such instalments monthly, quarterly, halfyearly or yearly according to their convenience in advance, to the Association's accredited agents on obtaining provisional receipts from them for the amounts paid. These provisional receipts will be followed by pucca receipts signed by the Chief Agents of their respective province and the

Secretary or the Chief Accountant of the Head Office of the Association. If any Bondholder does not get a pucca receipt from the agent for the last payment within one month from the date of payment, he shall not only stop making further payments, but also communicate the fact at once to the Chief Agents and also to the Head Office of the Association. In default, the payments will not be acknowledged by the Association. If there are no accredited Chief or Local Agents in any Province, the Bondholders in such Province should remit their instalments direct to the Head Office.

3. Forfeiture & Revival of Bonds:— The instalments fall due on the first day of every calendar month, quarterly, half year or year as the case may be, and if any instalment

D 9999

J S 8-27-16

Confidential.

to fl

General and Revenue Secretariat,

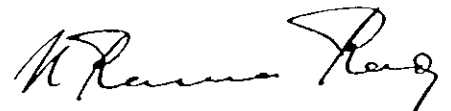
Bangalore, 20/3/1928

Dear Sir,

With reference to correspondence ending with my letter No.D.7517/J.S. 8-27-16 dated the 19th January 1928, forwarding the copy of the bond issued by the All India Mutual Aid and Poor Houses Association, I am desirous to request you to be so good as to place yourself in communication with the District Magistrate, Mysore, and move him to ascertain by preliminary enquiry under Section 196 A, Criminal Procedure Code, the particular individuals of the said Company, who have to be prosecuted and the particular offences, (whether para 1 or para 2 of section 294 A, Indian Penal Code) for which they have to be prosecuted and report the matter to Government at an early date.

The favour of very early action is requested.

Yours Sincerely,



S. P. Rajagopalachari, Esq., B.A., B.L.,

Registrar, Joint Stock Companies in Mysore,

Bangalore.

State that
first are addressed
that the
1 cheque for
2 basis for
forwarded by the
Assn is a
to Henry
to under
4cc 294A
9 PC

SUBJECT

Diary No. of letter replied to.....

General and Revenue Secretariat

()

the 192

Date of issue.....

Signed by.....

List of enclosures.....

Copied by

Examined by

Confidential

Section

File No.

Serial No.

No.

Please see the Typed Draft

To

S. P. Rajagopalachari Esq.
Registrar J.S. D.A. B.

Dear Sir,

With reference to
Correspondence ending with
my letter No D 7517 /J.S. 8-27-1
of the 19th January 1928, forwarding
the copy of the bond issued by
the All India Mutual Aid
Poor Houses Association, I am
desirous to request you to be
so good as to place yourself
in communication with the
District Magistrate, Mysore

and move him to ascertain
by preliminary enquiry
under Section 196 A, Criminal
Procedure Code, the particular
individuals of the said
Company, who have to be
prosecuted and the particular
offences (whether para 1 or
para 2 of Section 294 A, Indian
penal Code) for which they
have to be prosecuted and
^{submit} Report to Govt at an early
date. The favor of ~~a~~ very early action is
requested. Yours sincerely

117

APB
18/3/22

13

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

IN YOUR COMMUNICATION
PLEASE QUOTE THE NO.
OF THIS LETTER.



¹⁹
J.S. 8-27-27.

Tel. Address:

"ASSOCIATION" MYSORE.

ALL-INDIA MUTUAL AID & POOR HOUSES ASSOCIATION, LTD.

(INCORPORATED IN INDIA)

HEAD OFFICE: MYSORE (S. INDIA.)

No. 1620.....

20 APR. 1928

Dated 24th April 1928.

To

C.S. Balasundaram Iyer, Esq., B.A.,
Third Member of Council to the Govern-
ment of His Highness the Maharaja
of Mysore,
BANGALORE.

Dear Sir,

I beg to send herewith for your kind in-
formation a copy of my letter No. 1591 dated 23rd
instant addressed to the District Magistrate,
Mysore District, Mysore, in which you will see
how I am being unnecessarily and unjustly harass-
ed and the progress of the Association is thereby
being checked. I beg to request you therefore
to kindly see that I am not harassed any further.

Begging to be kindly excused for the
trouble and thanking you in anticipation

I have the honour to be,
Sir,
Your most obedient servant,

M. K. Appanna
Chief Organizer.

B.→Should routine notes be written on small slips,
the notes must be copied, or slips pasted on
this form.

IN YOUR COMMUNICATION
PLEASE QUOTE THE NO.
OF THIS LETTER

॥ ॐ ॥

Tel. Address :
"ASSOCIATION," Mysore

ALL-INDIA MUTUAL AID & POOR HOUSES ASSOCIATION, LTD

(INCORPORATED IN INDIA)

HEAD OFFICE - MYSORE (S. INDIA)

No. 1591. Snc. 57

Dated 23rd April 1928

To

The District Magistrate
Mysore District,

Dear Sir,

I the undersigned beg to bring to your kind notice that when I came to Bangalore on the 6th instant in connection with the business of the Association, I received a letter at Bangalore on the 11th instant morning from the Secretary of the Association at Mysore intimating me that one gentleman by name Vasudave had been to the Office on the 10th morning and inspected all the registers, account books etc., of the Association saying that he belonged to the Excise Commissioner's Office and had been deputed by the Registrar of Joint Stock Companies in Mysore, Bangalore, for the aforesaid purpose. On the same day i.e., on the 11th evening, I got a letter from the Secretary reading "Not Vasudave inspected but Police Assistant Superintendent. No-day records regarding drawing taken by him. Please immediately" and had therefore to start on the 11th night alone and reach Mysore on the 12th morning.

On enquiring the Secretary in person, he told me that it was Mr. S. S. Manthasamy who was Acting Assistant Superintendent of Police in Mysore who had been to the Office on both the 10th and 11th instants. On the first day he made the Secretary understand that he was deputed in the Excise Commissioner's Office and was deputed by the Registrar to inspect the Office whereas he (Mr. Manthasamy) on the 2nd day informed the Secretary that he had to examine the said name and Office on the 11th inst. in order to get the required information and then wanted the name

to hand over to him the original Proceedings Book of the Association
all the other papers relating to the drawings held by the Association
several places as your local self at the instance of the Registrar
him to investigate as the latter (the Registrar) considered the grant
loans by the Association by means of drawings amounted to a lottery.

The Secretary further told me that on his going, asked to hand
the abovesaid documents, he informed the Assistant Superintendent of
that he could not hand over them to him without the permission of the
Superintendent of Police. The Assistant Superintendent of Police threatened that he
if the office looked up in case the abovesaid documents were not handed
to him, he (the Secretary) will hand over them to him after getting a
voucher from him, a copy of which is enclosed herein for your kind infor-
mation. As I thought that the Assistant Superintendent could call for the
attendance of myself and other Directors as required further particulars in
order to complete his investigation and I could thereby convince him of
the importance of our business, I waited upon him but he was not willing
to do anything of that sort till to-day when I do know very well that not
only I returned to Mysore on the 12th morning but also there were some
Directors in the morning alone.

In this connection, what I beg to say to you is that in the first
place there was absolutely no necessity for the Assistant Superintendent of
Police to assume another man's office or to obtain the records from the
Secretary by means of threat without the knowledge of ^{the} Directors when we
are free to give any information regarding the business of the Association
even to a passerby and the Proceedings Book which is a statutory one main-
tained according to Company Law cannot be hushed up. In the second place,
I do not know how the Assistant Superintendent of Police can make out
that my offence has been committed by us under Section 294 A of the
Criminal Code, without studying our literature thoroughly well and then

asking our explanation in full.

Apart from the above, keeping or holding a lottery is an offence which is non-cognizable and which cannot be tried by any magistrate until the complaint is made by order of the Government. In this connection, to bring to your kind notice that soon after our Association was incorporated the Government of Mysore thinking that the grant of loans by drawings or our scheme amounted to a lottery, not only sent words to me through you to close the Association lest I should run the risk of being prosecuted as, yourself may very well remember and also took objection to the Incorporation of the Association itself and asked the then Registrar not to issue the Business Commencement certificate. After satisfactory explanations were submitted to the Government by me through your goodness as per this Office No. 502 dated 20th September 1926 as also by the then Registrar about our scheme being perfectly legal, the Government were pleased to order the issue of the Business Commencement Certificate on 12th March 1927. In those circumstances, we are at a loss to know how the present Registrar can reconsider and the Government can sanction the prosecution when the then Registrar incorporated the Association after being satisfied with the perfect legality of our scheme and the Government were pleased to order the issue of the Business Commencement Certificate after being satisfied by the explanations given by me and the then Registrar.

Above all, if you kindly peruse our prospectus (a copy of which is enclosed herein) and come to know the object and the working of the Association, you will see that not only our purpose is honest but also there is not even the least shadow of illegality in the mode of our business. Because, as mentioned in the said prospectus, the main object with which the Association is started, is to open a Charitable Institution in each and every principal town throughout India, Burmah and Ceylon for feeding the disabled and relieving the suffering that are poor and helpless. For relieving the above-

abovesaid object, the association has devised a scheme under which a of Rs.50/- will be collected from each person either in lumpsum or in monthly instalments of Rs.1/- each and out of the interest that accrues on the said donation amounts, 50% will be utilized in maintaining the said Institutions and the other 50% in granting loans, creating Reserve Fund and payment of dividends to the donors and shareholders.

That is to say, if two thousand persons in a Taluk, District or Province, pay a donation of Rs.50/- each, the association will at once be a Charitable Institution in the Head Quarters of the said Taluk, District or Province as the case may be. Because, the association will have collected Rs.1,00,000 from the abovesaid two thousand persons at Rs.50/- each and it will invest the whole of the said amount permanently in the Government or in the Government Securities as per rules of the association. On this Rs.1,00,000 the association expects to get about Rs.6,000 towards interest per year. Out of this Rs.6,000/-, 50% i.e., Rs.3,000 will have to be utilized for maintaining the said Charitable Institution. As this Rs.3,000 works out at Rs.25 per month, 50 disabled persons at least can be fed daily in the said Institution. Out of the balance interest Rs.3,000, the association utilizes - - - Rs.2,000 in granting loans of Rs.1,000 each to two persons (out of the abovesaid two thousand persons) every year as determined in the drawings, on their personal security without interest repayable in 200 monthly instalments of Rs.5/- each.

As the instalments to be recovered from the loan recipients plus the abovesaid surplus of interest Rs.1,000 plus admission etc., fees to be - - - recovered from the donors less the working expenses of the association will be the nett profit, 50% of this nett profit will be distributed among those donors who will not have received loans and the other 50% will be utilized in creating Reserve Fund and payment of dividends to the shareholders. Those who get loans once will not be eligible to get the same again, all

all the donors or their heirs are bound to get loans one year or another determined in the drawings. Moreover, as fresh loans will be granted year, the amount of instalments to be recovered from the loan recipients will increase year by year. As the amount of the said instalments increases the net profit also is bound to increase proportionately. When the loan recipients cease to get dividends and the number of the non-loan recipients will be decreasing every year, it is needless to say that the rate of dividend payable to the remaining non-loan recipients will increase year by year. The longer a donor waits to get a loan the more profit he will have enjoyed as a compensation for the delay in his getting the loan.

As the working of the whole scheme is fully explained above, it can be very easily understood whether the grant of loans by the Association by drawings amounts to a lottery within the meaning of Section 294 A of the Indian Penal Code. Because, the cardinal principle underlying lotteries is to collect moneys from many persons and distribute such collected amount amongst a very few of them in form of prizes as determined by lot. From this only a few will be benefitted and many will be losers which is the gist of the offence. From the explanation submitted above, you will be pleased to observe that as long as the Association receives moneys from the people as donations and these principal donation amounts will be kept in trust permanently in the Government or in the Government Securities, so long there is no question of a few being benefitted and many being put to loss. Further, the holding a drawing for any purpose does not constitute the offence unless the prize so, somebody is put to loss. So, the holding of the drawings by the Association does not at all constitute any offence as the said drawings are not held for the distribution of any prizes but will be held only for the grant of loans. In support of this view, a case quite parallel to one of ours cited by Mr. Gour in his commentary under the heading "No lottery" in connection with Section 294 A is reproduced here for your kind information.

Company, the rules laid down were these: Members contributed a certain sum to the funds of the Society and upon which they became entitled to receive an advance out of its funds and to certain other benefits under the provisions of its constitution. An advance was made according to the number of certificates held by him. A certificate was a document given to a member upon entering the Society, and certificate-holders were entitled to elect the drawing of an advance. It was also a rule that advances could be made in two ways, the first and every fourth one thereafter by drawing, in any premium or interest, while those intermediate to those of the first were offered the highest premium thereafter. All advances were repayable in quarterly instalments in twenty years. As such the defendant Allin took an advance but which he refused to pay up. He was sued by the Society and he pleaded inter alia that the transaction was a lottery, because the advances were made by drawings, but it was held that such a Society was wholly void and far apart from the statute concerning lotteries.

It may be contended that those that get loans earlier will gain more than those that get loans later and so, the former will be benefitted and the latter will be losers. In this connection, I beg to invite your kind attention to the decision of the Full Bench of the Madras High Court dated 8th March 1927 in a Civil Revision Petition No. 365 of 1924 concerning a Unit Fund transaction, a copy of the *purports* of the judgment as reported in column 5 page 8 of the Mian in its issue of the 10th March 1927, has been enclosed herein for your kind and immediate reference. From this it will be seen that mere payment of any amount by lot does not bring a transaction under the category of a lottery within the meaning of Section 294 of the Indian Penal Code as long as there is no loss to any of the persons concerned. It is further made clear in the said case that it cannot be said that the subscribers whose names will be drawn earlier will be gainers and those whose names will be drawn later will be losers. Because, though it is a fact that the former will have the use of the money earlier and gain more than the latter by way of interest, yet the latter cannot be considered to have really incurred any loss as it will amount only to a failure to make a profit which they would otherwise make, which is no loss. So, even if some of our donors or their heirs get loans after a number of years, they cannot be considered to have been put to loss simply because those donors who get loans earlier, will have gained more by way of interest.

In our case, even the above-said question does not arise. In the

20

Chit Fund case above referred to, those subscribers whose names were earlier did really gain more than those whose names were drawn late latter were not being entitled to any distribution of profits till their names were drawn. According to our scheme, the donors will be entitled to dividends every year till they get loans and the rate of the said dividend will be increasing year by year proportionate to the number of years at which they will not have received loans. Please vide para supra. It goes without saying that the donors who get loans later will have other profits as a compensation for the delay in their getting loans. In the circumstances, you will be pleased to observe that there cannot be even the shadow of a lottery in our scheme owing to the fact that not only the drawings are held not for the distribution of prizes but for the grant of loans and also none will be paid so less, but also either the donors or their heirs get loans one year or another as determined in the drawings and the dividend will be paid to them until they get loans as a compensation for the delay.

Apart from this, as the loans are to be granted by the Asiatic - Government Security Life Insurance Co., Ltd., by drawings, not only I in capacity of the Managing Director of the said Company made a deep study of the subject but also I consulted many eminent lawyers in Madras as regard the legality or otherwise of the grant of loans by drawings. As all the experts gave unanimous opinion that the holding of drawings for the grant of loans was not illegal and much less an offence within the meaning of Sect 294 A of the Indian Penal Code, and also ¹was able to obtain a written opinion to the same effect from Mr. K. Sankaranarayana Rao the Government Advocate of the said Company began to hold drawings and grant loans every half year since the year 1925. For your kind information, a printed circular showing the names of the Bondholders whose names were drawn in its eleventh (the latest) drawing held on 31st January 1928 has been enclosed herein. Even when our present Association was incorporated and before the scheme was launched out, I did circulate the share prospectus (that contained the ver-

of the present scheme) to all the lending advocates in both Mysore and Bangalore and all of them including the Public Prosecutor in Mysore, have unanimously opinion that the scheme was perfectly sound, legal and workable.

But, morally people make donations without expecting anything in return and they either the principal donation amounts themselves or the interest thereon to be exclusively utilized for the intended charitable purposes. But, we scarcely find people of the above sort. We have no provision for the grant of loans and payment of dividends to the donors out of half of the interest accrued on the donation fund (utilizing only the other half for maintaining charitable institutions) as alternative to the usual dividends as the majority of the people are more for material benefits than spiritual ones. By this arrangement, all the donors will be satisfied both materially and spiritually. Further, we obviously see that the legality of our scheme has been questioned simply because we want loans by holding drawings. Supposing we do away with the drawings (though it is proved to be perfectly legal), the only source left open will be to empower the Directors to grant loans as they choose. By doing so, the position as regards the grant of loans will not be altered in the least. It will be worse as not only it will be very difficult for the Directors to determine the names of the persons who are to get loans as the number of loans to be granted every year will be limited and all the donors will be equally anxious ^{to get loans simultaneously} but also the honesty of the Directors will be suspected as they will be accused of favoritism or partiality. It is therefore noted that the object of holding the drawings is to determine the names of the persons to whom the loans are to be granted and thereby save the Directors from unpleasantness and criticism as above said but not to benefit the donors. We may lose much the objectionable feature of a lottery.

Moreover, from the treatment our Association is being accorded by the Government ever since its inception, I can understand that the Government under some false pretensions is really the business of our Association.

leased to suspect the honesty of my purpose and do not thereby allow present Association to progress although it has been started with a view of relieving the distress of the suffering humanity and the scheme now for fulfilling the said object is based on the soundest possible principle without there being absolutely any risk or speculation whatsoever.

In these circumstances, I beg to request that you will be pleased to observe that the business of our Association is perfectly legal and there absolutely no necessity for the investigation by the Police. The Assistant Superintendent of Police may therefore be kindly instructed to return the original Proceedings Book as also other documents to the Association as the Directors are to hold meetings every now and then for the conduct of the business of the Association and the resolutions passed by them are to be recorded in the same according to law. In case the said Book and documents are submitted to you, they may be kindly returned after done with. Anyhow, I beg to be kindly excused for the trouble and thank you in anticipation.

I have the honour to be,

Sir,

Your most obedient servant,

(sd) M.L. Nagannah,

Chief Organizer.

*True copy"

Mh
24.4.28

Chief Organizer.

f the present scheme) to all the leading advocates in both Mysore and Bangalore and all of them including the Public prosecutor in Mysore, have unanimous opinion that the scheme was perfectly sound, legal and workable.

No doubt, generally people make donations without expecting anything in return as they want either the principal donation amounts themselves or the interest accrued thereon to be exclusively utilized for the intended charitable purpose. But, we scarcely find people of the above sort. We have to make a provision for the grant of loans and payment of dividends to the donors out of half of the interest accrued on the donation fund (utilizing only the other half for maintaining Charitable Institutions) as an incentive to the would-be donors as the majority of the people are more for material benefits than spiritual ones. By this arrangement, all the donors will be benefited both materially and spiritually. Further, we obviously know that the legality of our scheme has been questioned simply because we grant loans by holding drawings. Supposing we do away with the drawings (though it is proved to be perfectly legal), the only course left open will be to empower the Directors to grant loans as they choose. By doing so, the position as regards the grant of loans will not be bettered in the least but will be worse as not only it will be very difficult for the Directors to determine the names of the persons that are to get loans as the number of loans to be granted every year will be limited and all the donors will be equally anxious ^{to get loans simultaneously} but also the honesty of the Directors will be suspected as they will be accused of favouritism or partiality. It is therefore needed to say that the object of holding the drawings is to determine the names of the persons to whom the loans are to be granted and thereby save the Directors from unpleasantness and criticism as aforesaid but not to benefit a few like any loan which has the objectionable feature of a lottery.

Moreover, from the treatment our Association is being accorded by the Government ever since its inception, I can understand that the Government is under some misapprehensions as regards the character of our Association and

So

these misapprehensions are based on the prosecution launched out by the Government in the year 1920 against me and the other directors of the Government Security Life Insurance Co., Ltd. If the Government will go through the Chief Court judgment in the aforesaid case (a copy of which is enclosed herewith), they will come to know that their misapprehensions amounted even, to the fact that the aforesaid prosecution against me and others was not for either misappropriation or for falsification of account but it was for the declaration of dividend in the absence of sufficient fit. That is to say, the shareholders of the said Asiatic Company had declared a dividend at 5% per annum for the year 1918 which amounted to Rs. 1.00 and even though there was not sufficient profit. Owing to the lack of the then legal adviser, the Government mistook the declaration of dividend for false balance sheet and ordered for prosecution. The lower courts also having held the same view, gave conviction but the Chief Court having gone through the case very carefully held that the Company had not prohibited the payment of dividend except out of profits but not the declaration of dividend, and as such the declaration of dividend was not illegal and much less an offence as the statute had not declared the declaration of dividend in the absence of profit ^{to be} an offence. So, we were acquitted.

It is needless to say that if the Government had been properly advised by the then legal adviser, the Government would have saved thousands of rupees which they spent for prosecuting us and we would have saved thousands of rupees which we had to spend for defending ourselves. Fortunately, the Government have now got Mr. H. J. Bar-at-lee, as the new legal adviser who is renowned for his legal acumen and so, we are sure that he will not advise the Government to take a wrong step as before as a lottery does never come under the category of a lottery by any amount of far stretched imagination. Anyhow, we cannot but feel that it has been the wrong or fate that the Government instead of sympathising with us for the difficulties I had to undergo on account of the said prosecution, have

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

The Asiatic Government Security Life Assurance Company, Ltd.

HEAD OFFICE :—BANGALORE CITY.

It is hereby announced for the information of all concerned that the Eleventh Half-yearly Drawing under the Company's Personal Investment Scheme was held at the Head Office premises, No. 3, Seshadri Road, on 31st January 1928, at 6 P. M. under the presidency of Mr. R. K. Ganesha Sahuji, one of the prominent local bondholders and a well-known merchant and Land Lord and the following persons were declared eligible to receive loans without interest.

Name and Address.	L. B. C. No.	Bond No.	Amount.
1. Mr. V. Veerasami Mudaliar, Sorter, R.M.S. M. Division, Vepery, Madras	2663		RS. 1,000
2. Mr. C. M. Ramachandra Naidu, F.R.H.S., (Lon), Inspector in charge of Silk Works, Sangreddi Post, Hyderabad (Dn.)	1038		1,000
3. Mr. Gopinath Nag Das Probath Merchant, 80, Nawabpur Road, Dacca, E. Bengal...	2913		800
4. Mr. Shah Chunilal Devichandji Bagrawala, Shroff, Sirohi, Rajaputana ...		12642	1,000
5. Mr. Ganesh Balwant Wadikar, Teacher, New School, Kolhapur		12828	1,000

No. 3, Seshadri Road,
BANGALORE CITY.
31st January 1928. }

V. RANGASAMI, B.A., B.L.,

General Secretary.

N.B.—The next drawing will be held on 31st July 1928.

N. B.—Should routine notes be written on small slips,
the notes must be copied, or slips pasted on
this form.

READ

REFLECT



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THE
ALL-INDIA
MUTUAL AID
AND
POOR HOUSES ASSOCIATION
LIMITED

(INCORPORATED IN INDIA)

HEAD OFFICE: MYSORE (S. INDIA)

CHIEF AGENCIES:

BANGALORE. BOMBAY. CALICUT LAHORE
DELHI. MADRAS. MERCARA (COORG). NAGPUR

BOND
PROSPECTUS

(CHARITY

LOANS

PROFITS)


BOARD OF DIRECTORS

RAO SAHEB P. D. DEVAYYA,
Retd. Dy : Supt. of Police and
Chairman of the Bench Magistrate Court,
Mercara. (Coorg)

DR. A. J. RAM, L. M. & S., M. D. (E.H.)
Physician and Surgeon,
Sayyaji Rao Road, Mysore.

MR. T. S. NARASIMHASWAMY,
Electrician and General Contractor,
Kotwal Ramiya's Street, Mysore.

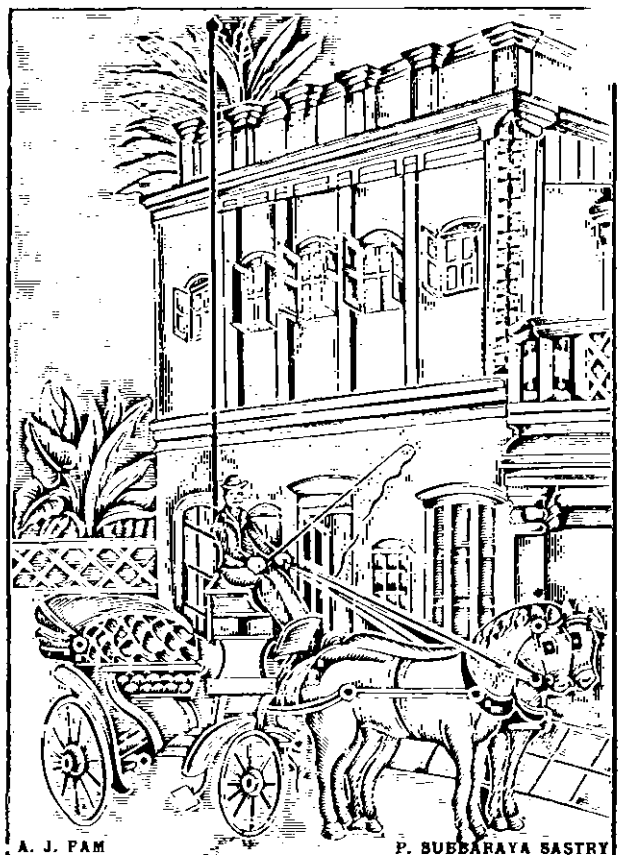
MR. P. SUBBARAYA SASTRY, M.A.,
Principal, Champion Metropolitan College,
Yelwal Road, Mysore.

DIRECTOR & CHIEF ORGANIZER

Mr. M. L. Nagannah

BANKERS

The Indian Bank Ltd., Madras



A. J. PAM

P. SUBBARAYA SASTRY

M. L. NAGANNAH

T. B. NARASIMHASWAMY

20-2-1928

P. D. DEVAYYA

ALL-INDIA ASSOCIATION BUILDINGS.

WANTED

Chief Agents, District Superintendents and Agents for unrepresented Provinces, Districts and Principal towns throughout India, Burma and Ceylon on monthly remunerations of **Rs. 500**, **Rs. 250** and **Rs. 50** respectively.

For further particulars and application forms, please apply sharp to

**THE CHIEF ORGANIZER
MYSORE**

SRI VENKATESWARA PRESS, MYSORE.

PRESS NOTE.

It is a well-known fact that the public has lost confidence in Joint Stock Companies owing to the failure of many concerns here and elsewhere on account of the mismanagement or inexperience of the promoters. But, the principles upon which the ALL INDIA MUTUAL AID & POOR HOUSES ASSOCIATION LTD., has been started, are entirely different from those upon which the other Joint Stock Companies are started owing to the fact that the latter undertake speculative business and invest their funds according to the whims and fancies of their Directors whereas not only the business undertaken by the former is not speculative but also its funds will be entirely and permanently invested in the Government as explained in this prospectus. Further, the Provincial and Local Boards will be organized in every Province, District and Principal town respectively and the said Boards will have direct control over the funds relating to their respective Jurisdictions as the principal bond amounts to be collected in their respective localities will be deposited in the local banks until the said amounts are invested in the Government and no fund can be meddled independently by the Head Office without the knowledge and consent of the said Provincial or Local Boards as the Bank accounts at such places are to be operated upon by the Head Office of the Association only conjointly with the Chairmans of the said Provincial or Local Boards as per its Articles of Association.

Moreover, a provision has been made in the Articles of Association for the appointment of an Official Trustee by the Government and so, the Government Securities in which the funds of the Association will be invested, will be held by the said Official Trustee for safe custody as necessary arrangements are being made for the said appointment by the Government of India. Apart from this, a provision has been made in the Articles for the investment of the funds in a Province in the said Provincial Government itself or in the Securities guaranteed by the said Government in preference and also for the appointment of an Official Trustee by the said Provincial Government alone for holding the said Securities in safe custody. So, it is hoped that the Association will not be mistaken for an ordinary Joint Stock Company and its stability thereby doubted.

THE FOLLOWING ARE THE NAMES OF A FEW OUT OF MANY LEADING GENTLEMEN WHO HAVE BEEN THE SHAREHOLDERS OF THE ASSOCIATION.

- HIS HOLINESS SRI JAGADGURU SIVANANDA
RAJENDRA SIVACHARYA MAHASWAMY
Ramthapuri Mutt, Balehonnur.
- RAJASILPI VISHARADA RAO BAHADUR
B. Subba Rao, L.C.E., Retd. Chief Engr. Mysore.
- RAO BAHADUR K. M. Changappa, F.A.,
Dist: Magistrate & Asst: Commissioner, Mercara.
- KHAN BAHADUR Hajee Alli Baramy,
Merchant, Calicut.
- RAO SAHEB P. D. Devayya,
Retd, Dy. Supt. of Police & Chairman,
Bench Magistrate Court, Mercara.
- RAO SAHEB K. A. Subbayya,
Pleader & Coffee Planter, Mercara.
- RAJAKAVI BHOOSHANA H. Lingaraj Urs,
Palace Muzari Bakshi, Mysore.
- LOKAHITAISHI H. Nanjundaraja Urs,
Retd. Supt. Amrut Mahal Dept. Mysore.
- I r. T. S. Siddappa, L.M. & S.,
Retired Dist: Medical Officer, Mysore.
- Mr. H. K. Veerabasaviah, B.A., B.L.,
Munsiff, Mysore.
- „ K. Siddaramappa, B.A.,
Dist. Superintendent of Police, Mysore.
- „ M. Venkatakrishnayya,
Municipal Councillor & M.L.C. Mysore
- „ K. Hanumantha Rao, B.A.,
Retd. Asst. Commissioner, Mysore.
- „ B. P. Medappa, B.A., B.L.,
High Court Vakil & M.L.C. Mercara.
- „ P. B. Pelliappa,
Editor of "Kodagu" & M.L.C. Mercara.
- „ P. L. Rajpal, B.A., LL.B.,
Pleader & Municipal Commis. Khanewal (Punjab)
- Mr. S. Sundara Rao, B.A., LL.B.,
Advocate, Mysore.
- „ G. H. Channatasappa, B.A., B.L.,
Advocate, Mysore.
- „ J. W. Samuel,
Retd. Asst. Presidency Post Master, Madras.

No.
Date of Receipt
Date of allotment
No. of Bonds allotted
Bond Numbers

To

THE SECRETARY,

All-India Mutual Aid & Poor Houses Association Ltd.,

MYSORE. (S. INDIA)

FORM OF APPLICATION FOR BONDS.

DEAR SIR,

I, the undersigned hereby agree to take up..... FULL, ^{HALF} QUARTER bonds of Rs.†..... each in the behind named Association upon the terms and conditions contained in the detailed prospectus as well as in the Articles of Association and to accept the same or any smaller number that may be allotted to me.

I beg to send herewith the sum of Rs. being a deposit at the rate of Rs. (Rs. towards admission fee and As. 8 towards cost of bond) per bond on the number of bonds applied for by me and agree to pay Rs. 1-4-0 (Re. 1 towards monthly instalment and As. 4 towards interest and expenses for keeping monthly accounts) per bond every month for the next.....months.

Station..... Name in full.....

The..... 192..... Caste and Age.....

Usual Signature..... Profession or business.....

PLEASE WRITE
DISTINCTLY } Address in full.....

Post Office.....

District or Province.....

Strike out what is not desired. † Fill in Rs. 50, 25 or 12-8-0 as the case may be.



Our doubts often make us lose what we would otherwise get. So, if you come across any doubts the scheme being the first of its kind, you inform us at once and we will solve them to your entire satisfaction. Do not be misled by others

OUR DOUBTS ARE OUR TRAITORS.

takes place on 31st January, 1928. Become a Bondholder of the Association and thus you do good to yourself, your fellow-beings and domestic animals.

FIRST DRAWING

themselves. Heirs and successors should communicate with Head Office to get their names entered in place of the deceaseds. Bonds should be kept safely as Title Deeds of property are usually kept.

properties at the discretion of the Directors at 9% interest per annum and adjusted out of the loan amount payable to them when their names are drawn

OUR SCHEME NOT A LOTTERY

The Scheme as may be imagined by some, is neither a lottery nor a speculation but is based entirely on Arithmetic calculation. In a lottery, only a few are lucky to get the much coveted prizes while thousands lose their hard earned moneys. Under our Scheme every Bond is bound to draw a loan which are drawn out for loans in a drawing will not again participate in the subsequent drawings. You or your heirs are sure to have your bond numbers drawing out a loan at some time, though it may be a long time, you may have to wait for same. But, you will be getting dividends until your bond is drawn and the said dividend will increase year by year as explained here in before.

IF A BONDHOLDER DIES

before his name is drawn, his heirs or nominees will be the holders of the bond and entitled to all the privileges and benefits in respect of the said bond as if they had been original bondholders

BONDHOLDERS' INTERESTS

are ensured as a Bondholders' Representative and an Auditor will be appointed by either the Government or the Bondholders themselves to be on the Board for watching the interest of the Bondholders and also to audit the accounts of the Association respectively.

A BOND IS A SALEABLE COMMODITY

If you have been unfortunate not to draw a loan and thereby are tired of waiting, or are not satisfied with profits received, you can sell the bonds you hold, to any-body else and get your amount back. The Association, Directors and staff will help you to dispose of the same. The older a bond becomes, the more value it will get attached to itself, as its chance of drawing a loan will improve at the end of every year, and the dividend payable will increase year by year owing to the decrease in the number of non-drawn Bondholders and the increase in the collection of instalments from the loan recipients as fresh bonds with be drawn and new loans granted every year.

INTERIM LOANS

will be granted to the non-drawn but fully paid up bondholders out of the Reserve Fund of the Association on joint security of their Bonds and immoveable

ings of that calendar year provided they will have paid interest for that calendar year and no instalments will be in arrear till the end of the said year. If the name of any partly paid up Bondholder is drawn, the balance due towards his bond amount will be deducted out of the loan amount to be paid to him.

WHAT BECOMES OF THE MONEY

PAID FOR A BOND.

The original bond amounts will be considered as a **Donation** paid by the Bondholders to the Association for maintaining Charitable Institutions. As these donation amounts will be **entirely** and **permanently** invested in the **Government or in the Government Securities**, the Association will get interest regularly from the Government and **perpetually** run the **Charitable Institutions** to be started by the Association **as long as the Government exists**, by utilizing 50% of the said interest exclusively for the maintenance of the said Institutions. So, the Bondholders will partake of the benefit of this perpetual and best kind of charity both in this world and also in the other.

In addition to this, the Bondholders will have **regained twice their bond amounts** as they will be excused the repayments of the last **20 monthly instalments** as mentioned under the heading "Repayment

. Those who will not have completed the payment of their full bond amounts before the beginning of a calendar year but who will be paying their bond amounts by instalments regularly, together with As. 4 per month per Bond as interest and expenses of keeping monthly accounts will have their names included in the draw-

without any extra payment.

Those Bondholders who will have completed the payment of their full Bond amounts before the beginning of a calendar year will be entitled to have their names included in the drawings to be held on 31st January in every succeeding year,

ELIGIBILITY FOR DRAWINGS.

pation in the drawings.
expenses to enable immediate partici-
As. 4 towards monthly interest and
the Bond will be allotted, together with from the month subsequent to that in which the monthly instalments should be sent should be sent with the application and The admission fee and cost of Bond be Re. 1/- per month.

Rs. 1/8 and subsequent instalments will Bond, the first monthly instalment will be as the case may be. In case of a quarter **Re. 1 per month** for 50, 25 or 12 months you may pay the same by **instalments of** If you cannot send the price all at once,

in the rate of interest allowable by the Government on the funds invested.

COMMUNAL REPRESENTATION.

If any community is anxious to have institutions separate from the General Institutions for its **moral, spiritual** and **educational uplift**, it can have them if there is a demand for same and a separate series will be started for that community if at least **2000 full bonds** are taken by that community.

ELIGIBILITY FOR TAKING BONDS.

Any person of sound mind aged above 18 can take any number of Bonds without any restriction of caste, creed or sex and such person will be entitled to the **benefits of each Bond separately**. Guardians of minors can purchase Bonds for their wards.

HOW TO BECOME A BONDHOLDER?

You fill up a form supplied for this purpose and send it to the Association's nearest Agent or Head Office at Mysore as convenient to you along with Rs. 50, 25 or 12/8 on account of the price of full, half or quarter Bond respectively you wish to purchase and an admission fee and cost of Bond of Rs. 2/8 if you go in for a full Bond, or Rs. 2/- only if you go in for a half or a quarter Bond.

repayments shall be made quarterly at least instead of monthly. **If the repayments of loans are made regularly for 180 months, the further payments will be excused.**

NON-DRAWN BONDHOLDERS

will get **50% of the nett profits** available for division. This, they will be getting as long as their bonds are not drawn for loans. This **50%** will accumulate for **5** years and then it will be distributed.

THE NETT PROFITS

divisible among Shareholders and non-drawn Bondholders will be made up of:

1. Rs. **45,000** for every series of one Lakh Bonds;
2. The amount of instalments to be recovered by the Association from the Bondholders to whom loans will have been advanced and
3. The admission etc., fees recoverable from Bondholders.

LESS

all the working expenses of the Association for a particular year

As the number of series will increase year by year, the nett profits available for division will also increase. Of course, the profits vary according to the fluctuation

holders who are advanced loans. These loans will be recoverable **only from the debtors** themselves and not from their heirs. If a debtor becomes incapable of repaying loan owing to poverty or insolvency, the loans will be written off as irrecoverable. The Association will have a right to resort to Law for recoveries when the Directors are satisfied that the debtor is in a position to pay. By such loans being written off, the funds of the Association will not suffer as the loans are granted only out of a portion of interest accrued and nothing will be paid out of the principal Bond amounts.

REPAYMENT.

For every one thousand Rupees paid as loan, **only Rs. 5 per month** shall be paid to the Association towards **principal** alone for **200** months. If a debtor invests elsewhere the money taken as advance, even at **6** percent per annum, he will be able to retain the principal for himself and repay the loan only out of the interest realized by him as the minimum amount of interest so realized will be Rs. **5** per month. Repayment of loans may also be made quarterly, half yearly and yearly according to the convenience of the drawn Bondholders, in advance. In case of repayments of loans that fall below Rs. **1-4-0** per month, the

complete hundreds of Bondholders as there will be in that part of **1,000** as per example given below

EXAMPLE.

If there will be **78,524** qualified Bondholders in a calendar year, **79** names will be drawn as there will be one incomplete and **78** complete thousands. So, **78** drawn Bondholders will get a loan of Rs. **1,000** each while the last, i.e., the **79th** drawn Bondholder will get Rs. **500** as there will be only five complete hundreds in that one incomplete thousand.

SEPARATE DRAWINGS

will be allowed to take place in any Province, District, Taluk or principal town where there are at least **1,000** qualified **full Bondholders**. The number of loans to be granted will be proportionate to the number of Bonds sold in the said places.

FAIR CONDUCT OF THE DRAWINGS

will be ensured by every Bondholder being entitled to be present at the drawings. The Directors of the Provincial or Local Boards established will attend the drawings and conduct the proceedings. A Magistrate or a Notary Public will be invited to be present at these drawings.

EQANS WITHOUT SECURITY & INTEREST
No security will be taken from, and **no interest** will be charged to the Bond

as one Bond will be held by 4 persons who hold a quarter Bond each or by 2 persons who hold a half Bond each, each of the said quarter and half Bondholders will be entitled to $\frac{1}{4}$ and $\frac{1}{2}$ of the loans drawn by their Bonds respectively. If only half or three-quarters of a drawn Bond will have been taken up and the said Bond is drawn in a year, the holders of the said Bond will get a portion of the loan amount proportionately and the balance unpaid loan amount will go to swell the Loan Fund for the next year.

Rs. 45 000 being the surplus of interest after transferring the abovesaid amounts of Rs. 1,50,000 and Rs. 1,05,000, will go to meet the working expenses of the Association, to provide **Dividends** to the Shareholders and **Non-drawn Bond-holders** and to create Reserve Fund of the Association

AS LONG AS LESS THAN ONE LAKH FULL BONDS

are sold, as many thousands of full Bonds are sold, so many Bonds will be drawn out for loans of Rs. 1000, each. So, until one lakh full bonds are drawn, the drawn bondholders get a loan of Rs. 1,000 each. If there will be any part of 1,000 the last drawn Bondholder will get a loan of so many hundreds of Rupees as many

ing **One Poor House** for feeding the ar-
 abled and nursing the suffering who are
 poor and helpless and **One Pinjarapole** for
 nourishing the disabled and sickly cattle
 and other domestic animals) will be started
 in every Province, District, Taluk or Princi-
 pal town where there are at least **2000**
Qualified full Bondholders. If Bond-
 holders in a particular locality decide to
 assist an already existing Institution under
 the management of a well recognized body
 in the said locality, they will be entitled
 to do so. Decision of the majority, will
 be conclusive.

Out of the other half, Rs. 1,05,000 will
 form the loan Fund and the same will be
 distributed as **Loans to 154 Bondholders**
 every year as determined by lots as follows:-

1ST DRAWN BONDHOLDER WILL GET RS. 10,000				
2ND	DO	DO	DO	5,000
3RD	DO	DO	DO	3,000
4TH	DO	DO	DO	2,000
NEXT 20	DO. WILL GET RS. 1,000 EACH	DO.	DO.	20,000
REMAINING 130	DO. DO	DO	DO	85,000
154 TOTAL RS. 1,05,000				

As years go on, the minimum loan
 amounts will be raised and the number of
 Bonds to be drawn will be reduced. But, in
 no case either the amount to be transferred
 to the Loan Fund Account will be less than
 35% of the interest collected on the "Bond-
 holders' Donation Fund" or the number
 of Bonds to be drawn will be less than 100

DO YOU WANT TO

do CHARITY OF THE BEST KIND
PERPETUALLY

get LOANS WITHOUT INTEREST
AND SECURITY

and

earn PROFITS ENORMOUSLY WITH-
OUT ANY PARTNERSHIP LIA-
BILITY ?

If so, take out a full Bond of Rs. 50 from the "ALL-INDIA MUTUAL AID AND POOR HOUSES ASSOCIATION LTD., MYSORE" which will issue several series of 1,00,000 Bonds of Rs. 50 each at a time. Quarter and half Bonds of Rs. 12-8-0 and Rs. 25 each are also issued. One series of 1,00,000 full Bonds of Rs. 50 each will yield 50 Lakhs of Rupees which will be entirely and permanently in-vested either in the Government or in the Government Securities and which is expected to yield an interest of Rs. 3,00,000 per annum

Half of the abovesaid interest, i.e., Rs. 1,50,000 will be utilized in maintaining Charitable Institutions started by the Association throughout India, Burmah and Ceylon. A Charitable Institution (compris-

form of worship. Even those well-to-do people who are eager to gain the favour of God may carry out this kind of worship only during their lifetime but not after, as it is not easy for them to arrange for this form of worship for ever that is, even after they leave this world. Since the duration of happiness that those people can enjoy in the world to come is in proportion to the nature of their worship in this world, they have to be born here again after their time of enjoyment there is over. Therefore those who arrange for this superior form of worship however trivial it may be, to go on perpetually will enjoy continued happiness in the other world and will not have to come back to this world as the fruits of the "worship here will be going to benefit them even when they are in the other world. Consequently, their stay in the other world will be extended. As for instance, a mango seed though small in form, grows into a big tree and yields a good number of fruits for a long time, so also the charitable deeds that we do in this world, however trifling they may be, bring about the greatest happiness for a long duration in the next world.

Keeping the above mentioned facts in view, "All-India Mutual Aid and Poor Houses Association Limited" has devised a new scheme (as detailed hereinafter) and aims, on the one hand, at enabling even the poorest to perform the abovesaid superior form of worship of God during and after their life time by paying a paltry sum of one rupee per month and thereby win the full grace of God, and on the other hand, at alleviating the distress of the afflicted beings by starting a CHARITABLE INSTITUTION in every principal town throughout India, Burma and Ceylon. Although the aforesaid scheme has been designed primarily for promoting the abovenamed objects of the Association, its purpose at the same time is also to offer extraordinary material benefits to the would-be investors as they will be entitled to loans of Rs. 500 to 10,000 without interest and security, and also to profits without any partnership liability. It is therefore hoped that every sympathetic and charitably disposed person will patronise the Association and thereby avail himself of THE UNIQUE BENEFITS offered by the same.

A WORTHY PURPOSE.

It is a matter of common experience that, although everyone aspires for happiness and make all possible efforts to secure it only those who have worshipped God in their previous births are blessed with it. For instance, though there are many who have obtained degrees in Law, Medicine or other subjects with equal rank, yet it is only a few that are happy by acquiring wealth either by holding high appointments or by becoming leading practitioners, while others find it difficult even to eke out their livelihood. It is thus clear that even though our efforts in this birth are equal and earnest, yet the result in each case is different according to the nature of worship of God in our past births. Nay, it is the experience of many of us that any one, destined to suffer great misery in this birth as a result of sins committed by him in his past ones, can have such suffering lessened in proportion to his sincerity in the worship of God now and can ultimately attain happiness by the grace of God. So it is beyond doubt that those who worship God and win his grace attain happiness unmingled with misery both in this world and also in the other. The worship of God is of two kinds. One is to regard some image as God and pay it all kinds of divine honours. This form of worship is known as *IMAGI-WORSHIP* or worship of God in his *STABLE FORM*. The other is to please him by alleviating the distress of the poor and the helpless by giving them food and medicine. This constitutes the *TRUE WORSHIP* of God in his *MOVING FORM*. As the latter is more pleasing to God than the former, those who follow this form gain the full grace of God much sooner and much more easily than by mere *Image Worship*.

Hence, those who realize that this world (*comprising both animate and inanimate objects*) is the manifestation of God and devote themselves to the alleviation of the miseries of such poor and helpless beings as are afflicted by hunger or disease, become the real worshippers of God and thereby derive happiness both in this world as also in the other by His grace. Though many know this fact, yet the poor for want of money and the rich on account of their desire to amass wealth do not generally perform this superior

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FULL BENCH -

(Before Mr. Justice Kumaraswami Sastri, Mr. Justice Ramaswami and Mr. Justice Dasgupta).

8th March 1927.

CHIT FUND TRANSACTION.

IS IT A WAGERING CONTRACT?

Judgment was delivered by the Full Bench in the reference in a Civil Revision petition (J.R. 355 of 1924) on the question whether a chit transaction was void as a wagering contract and whether no suit would lie to recover any monies that might have been paid by a subscriber thereto:

The plaintiff was a subscriber to a chit fund conducted by the defendant. Under the rules relating to the chit, each subscriber was to pay one rupee every month for 50 months and there were to be 500 subscribers. Every month subscribers' names would be selected by lot and those whose names were so drawn and were paid Rs. 50/- and they ceased to be members of the chit and were under no liability to pay their monthly subscription for the remainder of the period. The plaintiff was subscribing Rs. 2/- each month for 15 months when the defendant ceased to conduct the chit. The plaintiff brought the present suit for recovery of the sum of Rs. 35/- paid by him as subscription. The defendant inter alia pleaded that the chit fund was in the nature of a lottery and hence void and unenforceable. The District Munsiff held that the transaction was void as a wagering contract and following the decision in 1919 L.R. dis-
missed the suit on this preliminary issue. The plaintiff preferred a civil Revision petitioned to the High Court and the case was directed to be posted to a Full Bench on account of a conflict of rulings on this point, Ramaswami and Venkatasubba Rao, J.J. in 48 Mad. 651 holding a chit fund to be legal, while Spencer and Radhakrishnan, J.J. in 49, Mad. 791 holding a contrary view.

The case originally came up for arguments before a Full Bench consisting of Spencer, Ramaswami and Dasgupta J.J. and a plea for a finding in favour of the defendant was put forward.

- F U L L B E N C H -

(Before Mr. Justice Kumaraswami Sastri, Mr. Justice Ramesam and Mr. Justice Beasley).

8th March 1927.

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The case originally came up for arguments before a full bench consisting of Spencer, Ramesam and Beasley JJ. who filed for a final order in the Court below.

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The holding of the plaint suit fund constituted an offence of holding a lottery office within the terms of Sec. 294 of the Indian Penal Code. After the court below had returned a finding that no offence was committed, as there was no office or place of lottery within the meaning of that section, the case came up for final argument before the Full Bench constituted as above;

Mr. Justice Ramaswami, delivering the judgment of the Full Bench said that on the finding of the court below the objection to the validity of the suit as constituting an offence failed. Dealing with the contention that the suit was a wagering contract and hence void under Sec. 30 of the Contract Act, his Lordship referred to the definitions of wager as laid down by the English cases. Following the decision of the English Court of Appeal in 5 A.C. 613, his Lordship held that the suit fund was not a contract by way of wager. His Lordship said that according to the rules of the plaint suit fund, a subscriber would surely get back what he had ^{by way} to pay of subscription and the only advantage which a subscriber whose name was drawn earlier would have over another was that the former would have the use of the money earlier. It could not be said that the subscriber who was paid late had suffered any loss. The fact that he would have got interest had the money been paid earlier would not really be a loss, but would amount only to a failure to make a profit which he would otherwise have made. In the result, approving of the decision in 48 Lad. 661 and overruling the opposite view in the other case, his Lordship held that the plaint suit transaction was a legal one and in this view did not deal with the other question whether the plaintiff would be entitled to recover back any amounts actually paid, even though the transaction was void. His Lordship finally remarked that any attempt to check any fraud that might be apprehended in respect of these suit funds which are so common in South India must be by way of legislation on the lines of Provident Fund and benefit societies as in England and not by straining the law in attempting to declare these funds illegal.

Mr. A. V. Narayanaswami Iyer appeared for the petitioners.
Mr. S. S. Srinivasan Iyer appeared for the respondents.

AUM.

IN THE CHIEF COURT OF MYSORE AT BANGALORE.

Wednesday the 15th day of November 1922. 37

PRESENT.

Mr. Justice R.B. Plummer.
and
Mr. Justice B. Subbanna.

CRIMINAL REVISION. Petitions Nos. 44 and 45 of 1922-23.

In Criminal Revision Petition 44 of 1922-23.

1. A. L. Naganna.	}	Accused
2. H. Venkatakrishnappa.		1, 3, 4 and 5
3. L. S. Chennabasappa.		PETITIONERS.
4. H. B. Ramakrishna Iyengar.		

(Petitioners 1, 2 and 4 by Mr. L. A. Govinda Raghava Iyer
(3rd Petitioner by Mr. C. Krishna Murti).)

Vs.

The Government of Mysore Complainant opponent.

(By Mr. K. Sankaranarayana Rao, Government Advocate).

In Criminal Revision Petition No. 45 of 1922-23.

K. Sreenivasa Iyengar 2nd accused. Petitioner (By Mr. M. C. Rangaiengar)

Vs.

The Government of Mysore Complainant Opponent (By Mr. K. Sankaranarayana Rao Government Advocate).

Petitions against the decision of the Sessions Judge of Mysore in Criminal Appeal No. 64 of 1921-22 confirming the convictions and sentences passed by the Special First Grade Magistrate of Mysore under the third Court (Section 282 of the Mysore Companies Regulation) in respect of accused 1 to 4 and under the same section in respect of the 5th accused in Criminal case No. 198 of 1920-21.

These petitions coming on for final hearing on Saturday the 28th day of October 1922, the Court pronounced the following:-

ORDER:-

In the months of October and November 1919 to which the subject matter of this case relates the first accused was the Chief Organizer of Registered Company styled the Mysore Government Security Life and Marriage Assurance Company Limited; the second accused was the Managing Director thereof 3rd and 4th accused two of the directors, and on the 5th was the auditor who audited the accounts

audited the accounts of the Company on 31-1-1921 one Unamiangar a Police Inspector acting under the instructions of his superior officers placed a complaint before the City Magistrate of Mysore against these persons alleging that they had made certain false statements in the balance sheet for the year ending 31st December 1918 and had thereby committed offences punishable under section 282 of the Companies Regulation. The case was on the representation of the City Magistrate that he had some connection with the Company transferred to the Special First grade Magistrate who tried and convicted the accused on charges as shown below and sentenced them to various terms of imprisonment.

2. The charges against the accused 1 to 4 were three in number and to the effect that they had wilfully made the following false statements in the said balance sheet viz:

1) That the assets were mentioned as Rs 15,537-10-1 whereas they were only 15,110-10-10.

2) That the liabilities were shown as -- Rs 22,487-1-10 while they should have been shown as Rs 25,338-1-10.

3) That a sum of Rupees 333-1-8 was shown as "balance at disposal for payment of dividends" where as that sum could not have been and was not really at disposal for payment of any dividend according to the articles of Association of the said company and the Mysore Company's Regulation, the principles of accountancy and the methods of book-keeping notwithstanding certain resolutions of the share holders that the said dividend should be paid.

The 5th accused was charged with having wilfully made a false statement in the said balance sheet in as much as he made a certificate on it that it was full and fair and ⁴⁻properly drawn up though it contained the above mentioned false statements which are mentioned as subdivisions in the charge.

3. On appeal the learned Sessions Judge acquitted accused 1 to 4 on the first two ~~accounts~~ but affirmed the conviction and sentence on the 3rd and on the charge framed against the 5th. Hence this application for revision.

4. This application was very vehemently argued on both sides for two days and several arguments were put forth but we consider it needless to refer to them all here. We are however convinced that on the facts that both the lower courts find it is

it is difficult to arrive at the conclusion that any of the accused made any wilfully false statements in the balance sheet ~~that~~ referred to and the statements therein made are all strictly true in the light of the circumstances in which they were made.

5. In September 1918 the Company appeared to the 1st accused to be hopelessly situated and he made up his mind to place before the shareholders a motion for winding it up but they in meeting assembled on the 28th of that month thought that there was a chance of the clouds clearing up and saw the prospect of a bright future though distant and resolved not to wind up but to pay a dividend at 9 per cent. on the fully paid up shares though the Company had made no profits at all and had incurred very heavy loss. The persons who were responsible for the management found that it was necessary to take Rs 333-1-8 from some department the Company was working under four Departments- in order to pay the dividends directed to be paid, and as they found that the personal investment department had made some profit during the year in question they

debited that amount in the accounts of that department and transferred it to the Capital department and prepared a balance-sheet. The shareholders met again on 26-10-1919 and confirmed the previous resolution and adopted the balance sheet (See Exhibit P 19 (6))

It is a point in the case for the prosecution that even in that department the profit was much less than Rs 333-1-8 but that seems to us to be wholly immaterial it is not contended for the defence that the dividend was proposed to be paid out of any profits the Company had earned. In transferring Rs 333-1-8 from the accounts of Personal Investment Department to the Capital Department it was found necessary to put in an entry of Rs 43-5-6 on the receipts side as "expenditure over receipt added to extraordinary expenditure" in order to adjust the figures and it was done (See Exhibit p 23) and Rs. 333-1-8 was taken over to the Capital Department and we find it entered in two places in the balance sheet Exhibit p 6 the entries in which form the subject of the charge;- one on the assets side and another on the Liabilities side. On the --

on the liabilities side, it is entered as "Balance at disposal for payment of Dividends" and this is what the prosecution and both the lower courts find fault with said briefly, the arguments employed by them amount to this:- Under articles 6 and 90 of the Articles of Association (Exhibit P 20) and rule 97 Table A of the Company's Regulation no dividend ought to be paid except out of the profits. The Company was heavily in loss when the dividend was declared and the share holders had no business to decide upon paying any dividend and their resolutions were ultra-virces; The Directors should not have obeyed them and if they insisted upon their resolutions being carried into effect the directors should have laid down their office; as they did not do so it shows that the directors by declaring a dividend wanted to make a false representative to the public that the Company was prosperous and had earned profits whereas it was involved in loss. Again the balance sheet is prepared in such a way that an ordinary person would not be able to find out that the Company had incurred heavy losses and would get the impression that it was in a flourishing condition.

6. It appears to us that on the face of the circumstances and documents (there is no other evidence on the point) there is absolutely nothing to show that either the directors or the share holders wished to make any false representation to the public as to the state of the Company's finances. On the contrary it is not denied on behalf of the prosecution that the balance sheet Exhibit P 6 itself shows that the business had up till its date resulted in a heavy loss. It cannot be denied by the prosecution that the balance sheet does not mention that the sum of Rs 333- 1- 8 represents any profits and it is difficult to follow the argument of the lower appellate court that any statement therein made "implies that the Company earned profits at least in that year" (See paragraph 8 of the learned Session's Judge's judgment); not is it easy to follow the reasoning of the Court of first instance that the dividend was declared to make a show of prosperity (para 8) It may be as that Court remarks, that a balance sheet is not easily understood by ordinary readers and even men with knowledge of business and book keeping might err

might err in understanding it (see para 11) but yet the balance sheet in question had to be prepared according to the accepted mode of preparing such documents and when Mr. K. S. Iyer (P.W. 6) the expert examined on behalf of the prosecution says that if the question of the legality or propriety of giving dividend when there is loss is left aside the balance sheet in question is correctly prepared arithmetically, it appears to us that the whole of the prosecution should collapse on the foundation on which it is at present laid; - the question becomes not so much whether the accused made any false statement in the Balance sheet as whether they were justified in offering a dividend when the Company had not earned any profit and in obeying the resolutions of the share-holders which the learned Magistrate characterises *ultra-vires*, and it is not contended for the prosecution that these acts constitute any offence. Several cases were cited at the bar wherein the duties of directors and of auditors and their liability both civilly and criminally are discussed but as none of them really relate to the points that we have to consider in this case we have thought it unnecessary to refer to them here.

7. We are inclined to think that the judgments of the courts below are too largely influenced by the opinion that they appear to hold very firmly that it was culpable in the share-holders and the directors to declare a dividend when there were no profits but only losses, and the said courts seem to consider that the only way of interpreting the directors' action is to hold that they wanted to make a false representation to the outside public that the Company was in a flourishing condition and they did make it. Indeed rule 73 of Table A of 1st schedule to the Companies' Regulation (Regulation of III of 1895) and rule 97 of Table A of the first schedule to Trading Companies Regulation (Regulation VIII of 1917) prohibit the declaration of dividend otherwise than out of profits and the articles 6 and 90 of the Company's Articles of Association are also to the same effect. But if the shareholders at a special meeting convened for the purpose had no power to vary

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to vary these rules we have only to look to any provisions of law which penalise their actions in declaring dividends otherwise than out of profits and punish them under such law rather than rush to the conclusion that the balance sheet contains any false statement whilst on the contrary it is correctly prepared showing the heavy loss which the Company had till then suffered. However in this connection it may be mentioned that under section 20 of the Trading Companies Regulation of 1917 the shareholders can by a special resolution alter the articles of Association and by virtue of section 18 of the Regulation the rules in Table A in the first schedule will also be modified ipso facto in accordance with such special resolution. If we can take the resolution to pay dividends passed at the shareholders meetings above referred to be in the nature of a special resolution there can be no doubt that the company acquired the power to pay dividends otherwise than out of profits alone. At least there seems to be nothing on record to show that the shareholders and the directors did not believe that the said resolution was valid and the Company got the power to pay dividends though there was no profit and it appears to us that the assumption is unwarranted that the persons who took part in passing that resolution, those that prepared the balance sheet in pursuance of it wanted to deceive the public into any false belief by their acts; and to read into the clear words of the balance sheet anything that is false by implication as the lower courts have done is manifestly illogical and unfair.

8. In connection with this subject two other points deserve notice. The lower appellate court appears to argue that the resolution of the shareholders does not in so many words say that the dividend should be paid out of the Capital and even if it had said so it would be ultra-vires and so the only reasonable construction to be placed on the resolution itself is that the dividend should be paid only out of the net profits if any. (See para 6 et seq of its judgment). The lower appellate court apparently had in its view the provisions of law restricting the reduction of Capital section 55 and 56 of the Trading Companies' Regulation of 1917 and

and 13 of the Companies' Regulation of 1895. This argument assumes that there could be only two sources from which any dividends could be paid - profits or Capital. The Company had a lot of borrowed funds and we do not see any objection to interpret the resolution as equivalent to ~~as~~ a direction to pay the dividend out of such funds (in fact the proposal in the balance sheet is to pay them out of the money invested by others in the Company) or out of any profits that the Company may be fortunate enough to make before the dividends are actually paid:- as a matter of fact no dividends appear to have been paid yet, and the hope of the share holders appears to have been by no means unreasonable and on the contrary it seems to have been amply fulfilled as by the end of December 1921 the Company had recovered all the losses and made a clear profit of Rupees 3537-8-0 ~~an~~ is evident from the balance sheet exhibit D 24 the correctness of which is not questioned. There is quite trustworthy evidence on record to show that Companies do often declare dividends even when they have not earned any profits and in order to do so it is certainly not necessary to represent to the outside world that the Company had already begun to earn profits and declaration of dividends may not necessarily imply such a representation.

9. The other point we wish to refer to is the some what strong suggestion in the judgment of the trial court that the meetings at which the resolution to pay dividend was passed and confirmed were packed. It is necessary only to observe in this connection that the suggestion is based on no evidence whatever.

10. The conclusion that we arrive at therefore is that the balance sheet contains no false statement either expressly or by balance sheet contains no false statement either expressly or by implicative and that section 282 of the Trading Companies' Regulation is not the proper provision of law to punish the accused under if the declaration of the Dividend was contrary to Law. It is quite a different question whether the accused are guilty of any criminal breach of trust as was the case in Queen Empress V Moss 16 All.88 quoted by the trial court.

It is thus scarcely necessary to refer to the averment of the accused 2, 3, and 4 that they did not know that the balance sheet contained any false statement when they became parties to its submission to the Government and that they acted upon the representation of 1st accused. It will be observed that the Balance sheet P 6 itself contains the signatures of only 4 persons, one K.Rama Rao who is styled General Secretary and the 2nd, 3rd and 5th accused. Of these K.Rama Rao is not made an accused in the case for reasons which are not at all clear on the records and it is indeed a point prima facie in favour of the 4th accused that he has not signed Exhibit P 6. He has however, apparently affixed his signatures to the original of Exhibit P 21 (a) in which there is a reference to the declaration of the dividend but it is not clear from this fact alone that the 4th accused knew from what source the dividend was proposed to be paid and how the adjustment of accounts was made. The prosecution should show beyond doubt that the accused 2, 3, and 4 wilfully made any false statement in the balance sheet. The 1st accused takes upon himself the whole responsibility for its preparation, and the remarks of the trial court that a balance sheet is not easily understood by ordinary men is an argument in favour of the accused 2, 3, and 4 who are presumably not skilled in accountancy. In deciding whether the accused committed any offence under section 282 of the Regulation it may not be quite fair to twist the words used in Exhibit P 6 or paraphrase them or read into them ideas that we may be inclined to suspect that the accused or the other shareholders may have had in their mind in declaring dividends when there were no profits. The words employed are 'balance at disposal for payment of dividends' and it is plain from the entries on the 'assets' side in the 'revenue account' in the balance sheet Exhibit P 6 that this amount is what is 'transferred for payment of dividends to share holders'. It is too much to assume that the entries were meant to make people believe that Rs 333-1-8 was available out of the net profits to pay dividends with. The plain meaning seems to be that the said sum was made to be at disposal for payment of dividends having been

disposal for payment of dividends having been transferred from some other account and Exhibit P 23 shows that it was taken from the "Personal Investment" into Capital Department

12. The contention that there are concurrent findings on facts and this court should not interfere with them does not seem to be well founded. The main question that we have to consider is whether on the facts found by those courts the conclusions that they draw are justifiable or not and that is a matter of Law. See *Rama Gopal V Sham Skhaton* 20 Cal (I.L.R.) 93 at page 99.

13. The Learned advocates for the petitioners have brought to our notice certain irregularities in the trial some of which indeed vitiate it. According to the provisions of Section 342 of the Criminal Procedure code the Magistrate should question the accused generally on the case after the prosecution witnesses are examined and before he is called on for his defence Section 255 lay down that when a charge is framed he shall be asked whether he is guilty or has any defence to make and section 256 requires that if he refuses to plead or does not plead or claims to be tried he shall be required to state whether he wishes to cross examine any and if so which of the prosecution witnesses and if he says he does so wish they shall be recalled for cross examination and after such cross examination and re-examination (if any) the accused shall be called upon to enter upon his defence and produce his evidence. It is thus clear that the examination or questioning of the accused generally on the whole case which the law renders obligatory should be after the cross examination referred to in section 256 (1) is over and not before. The reason for such a rule is clear as the accused is entitled to make his statement and give any explanation he can on all the facts that may be elicited in the examination, cross examination and re-examination of the prosecution witnesses. Failure to observe this rule is a material irregularity which vitiates the whole trial. See *Marudumutnu Vannian and others* 43 Madras Law Journal 402 *Emperor V. Fernandez* 45 Bom. 672 (which was a summons ~~case~~ ^{case} ~~trial~~), *Emperor V. Savalya* 9 Bom.L.R.356. and *Ramanath Rai.V. Emperor* 61. I.C.844.

But where it is held that non compliance with 342 vitiates the trial,

14. In the case before us the learned Magistrate did not apparently question the accused and record their statements after the charge was framed on 14.12.21 and the witnesses for the prosecution whom they wanted to recall for cross-examination were recalled and Cross examined. Their statements were recorded only on 8.11.21 and not after the examination mentioned in Section 256 (1) and before they were called upon to enter upon their defence. We consider that the whole trial is rendered illegal on that account and that ^{This} defect is not one that can be cured by Section 537. It may be that the course followed by the learned Magistrate is in consonance with the practice hitherto in vogue in proceedings before Magistrate's but that will not justify the clear breach of the provisions of law.

15. Then the case being a non-cognizable one it was started on a complaint petition signed by one Chamiengar, a Police Inspector. That petition does not contain any allegation that the accused's statement in Exhibit P 6 about the Rupees 333-1-8 was false. It stated other facts on all of which there no charge in the trial court. It was contended before the learned Sessions Judge that the learned Magistrate who framed the charges relying on the evidence adduced before him should be understood to have taken cognizance of the offences which are the subject matter of the charges under Section 190 (C) and was therefore bound to conform to the procedure prescribed in section 191 and the trial was illegal. The learned Sessions Judge acceded to this argument so far as the first two charges were concerned and acquitted the accused 1 to 4 upon them but he held that this objection did not apply to the 3rd charge, i.e., the one regarding Rs 333-1-8 and confirmed the conviction and sentence passed upon it. He apparently took no notice of the circumstances that the charge against the 5th accused had three sub-divisions as noted above. Else he should have been acquitted under the first two subdivisions. Reading the complaint petition carefully we do not see any allegation in it that the accused made any false statement in the balance sheet regarding the Rs 333-1-8 para 2 in our opinion only refers to the declaration of dividend when there was a loss to

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loss to the Company and avers that the object in doing so (in the opinion of the complainant) was to show that the Company was in a prosperous condition. There is no allegation that the statement regarding that sum was false. Chamiengar was examined long long after the complaint petition was filed and he admitted that he was not personally aware of any of the facts and he got all the information from one Mr. Sampath Iyengar's report and that one Mr. Sundararaja Iyengar knew the full facts. This gentleman was examined about two months afterwards. He said that the Complaint petition was simply a copy of a report he had made and the whole of his statement does not refer in any clear terms to the subject of the 3rd charge as it now stands. His complaint was also that a dividend had been declared when there was only loss. He says, indeed, that the balance sheet is false but in view of the fact that the complaint related to certain other statements in the balance sheet we think that unless there was an express statement in that deposition (even if we can take it as equal to a complaint as the learned Sessions Judge has done) that the statement regarding the 333-1-8 Rs in the balance sheet was false it cannot be assumed that there was a complaint in that behalf which the learned Magistrate could have taken cognizance of under Section 190 (a) and that the objection which the learned Sessions Judge found valid as regards the first two charges applied to the 3rd also. The case quoted by him Jagat Chandra V Queen Empress 26 Cal. 786 is not in point as this was a case in which there was a complaint regarding the facts but the names of all the accused were not disclosed; but the principle decided in Venkatarama V. Government of Mysore 22, Mys. C.C.R. 21 and in Re Akbar Monim. 6 Cal. W.N. 202 and Emperor V Chedi. 28 All- 212 seems to be more applicable. We hold therefore that on this ground also the trial was illegal. We do not consider that section 537 (a) covers this defect. The term 'irregularity in the Complaint' therein mentioned cannot apply to a case where there is no complaint at all on the particular point and may refer to cases like that in 26 Cal. 786 mentioned above.

WS

16. It is next contended that the learned Magistrate refused permission to the 2nd accused to examine one Venkatesaiya whom he produced on 23-2-1922 and that the refusal amounts to an irregularity which vitiates the trial. Reliance is placed on Emperor V. Nand Basappa 14 Bom. L.R.360. But we are inclined to the view that this omission does not vitiate the proceedings unless it is shown to have occasioned a failure of justice and we are not shown how that has caused such failure. Section 257 which is referred to in this connection does not deal with the examination of witnesses who are in court and our attention is not called to any other provision of law that makes it compulsory that the Magistrate should examine any witness produced at any stage. However much we may deprecate the refusal to examine defence witnesses tendered for examination we cannot accede to the contention that such act amounts to anything more than an irregularity. Or omission to which section 537 applied and the applicability or otherwise of this section is not considered in 14 Bom. L.R.360 relied upon by the petitioners. The case seems different in Sessions trials, for section 291 makes it obligatory that the Session judge should examine any witness whom the accused wants if the witness is in attendance though he may not be previously named by the accused and we have no provision corresponding to this in the portions of the code relating to trial of warrant cases before the Magistrates. Therefore, although it is an universally accepted principle of law that a party to any proceeding civil or criminal should have opportunity to examine all his witnesses, in attendance there is no substance in the contention that omission to accord such opportunity amounts to an illegality in the nature of an omission to do an act laid down as obligatory in the criminal procedure code. If the evidence of the witness Venkatesaiya was shown to have been very important probably this Court could have made up its mind to have his evidence taken under Section 428 read with section 439 but the ~~connection~~ ^{conviction} cannot be ~~quashed~~ ^{quashed} on the ground that he is not examined.

17. The last objection taken to the trial is that even

even if the third count regarding the sum of Rs 333-1-8 be held to be properly taken cognizance of and the complaint the whole trial is vitiated by the fact that on the first two counts the trial is illegal on account of non compliance with the provisions of section 191 Criminal Procedure code. The learned advocate who started this proposition relies upon Subramanya Ayyar V. King Emperor 25. Mad. 61 and Emperor V. Chedi 2 All. L.J. 745-28. All. 212 but none of them seems to us to support him. Subramanya Ayyar's case lays down as we understand it, that if the law expressly prescribe a particular mode of trial, disobedience to it constitutes an illegality which vitiates the whole proceedings. Their Lordships of the Privy Council were there dealing with a case which had contravened the provisions of section 233, 234 and 235 as to Joinder of charges and they proceed to hold that when a number of charges which should not be tried together are so tried the defect in the procedure cannot be remedied by arranging afterwards what might or might not have been properly submitted to the Jury, and it will not do to suggest that there was still enough left upon the indictment to support a conviction if the accused had been properly tried. But the question raised in the case before us is not similar to what had to be decided there. The joinder of the three charges was in this case perfectly legal under section 235 (1) as they related to offences said to have been committed by the same persons in the course of the same transaction viz., the preparation and promulgation of the balance sheet exhibit P 6 and we do not find any provision of law which prohibits such joint trial if any of the charges related to an offence which the Magistrate could not have tried owing to the provisions of sections 190 and 191. The accused may be entitled to an acquittal only upon such charge or charges and not on any to which such an objection does not apply. Emperor V. Chedi 28 All. 212 has no bearing on this question.

18. However as we hold that the trial is illegal on account of the first two defects in the procedure noticed above we quash the conviction against all the accused and as on the merits of the case we do not find the accused have committed any

any offence we do not consider it necessary or desirable to order a fresh trial.

19. The bail bonds will be cancelled.

(Signed) R.B. Plummer - Judge.

(Signed) B. Subbanna - Judge.

" True Copy

Sd/- N. Sreenivasaiyar.

Deputy Registrar.

Serial
No.CONFIDENTIAL.

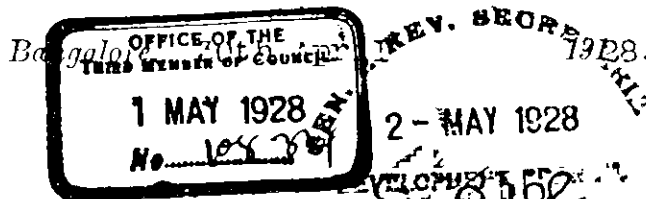
g.S. 8-27-28

Office of the Registrar of
Joint Stock Companies in Mysore.

D.O. No. C. 421/27-28

Subd for info
30/4/28
seen
15
25/28

Dear Sir,



With reference to your D.O. No. D. 11244/J.S.

8-27-16 dated the 21st April 1928, I write to inform you that as desired by Government, I have asked the Secretary of the All-India Mutual Aid and Poor Houses Association, Limited, Mysore to drop the scheme of Lottery as otherwise the Directors will make themselves liable to be prosecuted under Section 294A of the Indian Penal Code.

(2) As regards the second para of your letter, the District Magistrate ^{Mysore} has been requested in this office D.O. No. C. 15 dated 24th March 1928 to conduct the preliminary enquiry on the subject and to furnish ^{the} required information and a reminder has also been issued. I shall address you again as soon as I hear from him.

Yours sincerely,

S. Mayagond

To

N. Rama Rao, Esq., B.A., B.L.,
Government of Mysore,
Government Departments,
Bangalore.

IN YOUR COMMUNICATION.
PLEASE QUOTE THE NO.
OF THIS LETTER

Tel. Address :
"ASSOCIATION," Mysore

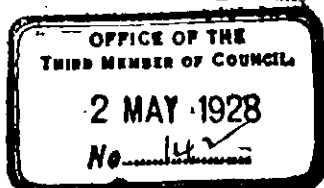
ALL-INDIA MUTUAL AID & POOR HOUSES ASSOCIATION, LTD.

(INCORPORATED IN INDIA)

HEAD OFFICE: MYSORE (S. INDIA)

No. 1665

Dated 30th APRIL 1928



C.S. Balasundaram Iyer, Esq., B.A.,
3rd Member of Council
to the Government of His Highness the
Maharaja of Mysore, BANGALORE.

Dear Sir,

We are informed by our Provincial Directors at Bangalore that you were graciously pleased to grant them an interview on the 26th instant in connection with the subject referred to in the letter dated 5th ultimo of Rao Saheb P.D. Devayya of Mercara, and inform them that the Government had to order for the institution of the prosecution against the Association and its Directors as the opinions of the Government and the Association as regards the bonds of the Association being debentures, differed from each other and it was the Court alone that could settle the point in question.

We are further informed by our Provincial Directors that you were kind enough to say that time would be granted in case the Directors wish to obtain further legal advice as to the point at issue and their position with regard to the continuance or otherwise of the Association. In thanking you sincerely for the abovesaid kindness, the Directors beg to state that as not only the Association was incorporated by the then Registrar after thorough scrutiny of its Memorandum and Articles of Association but also the Government was pleased to order for the issue of the Business Commencement Certificate after being satisfied with the explanations submitted by both the Association and the Registrar as regards the perfect legality of its scheme the Directors believed that the business of the Association had met the appreciation of the Government.

P.T.

The Directors now learn with much regret that the objects and - methods of the working of the Association are not quite acceptable to the Government. In this connection, it is needless to say that the Directors had never in their mind even for a moment to carry on this charitable work unless it met with the entire approval of the Government. The Directors therefore feel that steps should be taken at once to concert measures as how the Association can be worked to the satisfaction of the Government to desist in case it is not found feasible.

The Directors therefore pray that three months' time may be kindly granted and necessary instructions issued to the City Magistrate, Mysore, to stay further proceedings in the case filed against them till after the said time so that the Directors may in the meanwhile take the expert opinion in the matter and decide which course to adopt. As the case in the above said Court adjourned to the 8th proximo, instructions may be kindly issued at your earliest convenience. Anyhow, we beg to be kindly excused for the trouble and thank you in anticipation.

We have the honour to be,
Sir,
Your most obedient servants,



Chairman
of the Board of Directors.

J.S. 8-27-30.

Draft

I am directed to enclose
copy of
representation from the
Directors of the All India
Mutual and Poor Houses
Association, Mysore, praying
that
1. the proceedings in
the case be kept in
abeyance for a period of
3 months to enable
them to take steps to see
how the Association could
be worked on unobjectionable
lines or to desist in case it
is not found feasible and
to state that Government
are in the circumstances
pleased to give them 3
months time as prayed for.
I am to request you to take
the necessary steps by moving
the court for an adjournment
if necessary, to afford them
this time.

D.O. No. D

D/2/20/J.S. 827-30-

General and Revenue Secretariat,
Bagnalore, 11th May 1928

Dear Sir,

I am directed to enclose copy of a representation dated 30th April 1928 from the Directors of the All India Mutual and Poor Houses Association, Mysore, praying that further proceedings in the case against them may be kept in abeyance for a period of 3 months to enable them to take steps to see how the Association could be worked on unobjectionable lines or to desist in case it is not found feasible and to state that Government are in the circumstances pleased to give them 3 months time as prayed for. I am to request you to take the necessary steps by moving the court for an adjournment if necessary, to afford them this time.

Yours sincerely,

Sd/- N. Rama Rao,
Secretary to Govt. Dev. Depts.

A. V. Ramanathan, Esq., B.A.,
District Magistrate, Mysore District. p.t.o.

SUBJECT.....

2/10/28

Typed draft

Section

File No.

Serial No.

Diary No. of letter replied to.....

No. *D/2/20 Enone*

General and Revenue Secretariat

the

192

To

*The District Magistrate
Mysore Dist,*

Date of issue.....

11-5-28

Signed by.....

Mr. J. G. Thasthye

*enclose copy a ~~letter~~
representation addressed
by the Dir*

*begging praying & be
remitted 3 months' time
to enable them*

List of enclosures.....

Copies of copy.....

Examined by

Dear Sir,

I am desired to
State that, as the directors
of the All India Mutual Aid
& Poor Houses Association Ltd,
~~have consented~~ to take steps,
~~to concert~~ ^{at once} measures to work
the Association to the satisfac-
tion of Govt, further proceedi-
ng may be kept in abeyance,
for a period of 3 months. ~~and~~
I am accordingly to request.

over

55

for that the Credit may be
moved to adjourn the Case
if necessary

Yours Sincerely

Section

File No.

Serial No.

No.

for

7/5

1/3

7.5.28

To

Copy to the Registrar

J.S.C.

General and Revenue Secretary

1928

Date of issue

Signed by

Serial
No.

D. O. No. C.421/27-28.

Encl. One.

GEN. & REV. SECRETARY
14 MAY 1928

DEVELOPMENT BRANCH.

Dear Sir,

OFFICE OF THE REGISTRAR OF

JOINT STOCK COMPANIES IN MYSORE.

12th May
OFFICE OF THE
THIRD MEMBER OF COUNCIL.
15 MAY 1928
No. 11219

In continuation of my D.O.No.C.421/27-28 dated 30th April 1928 stating that the Secretary of the All-India Mutual Aid & Poor Houses Association, Ltd., has been asked to drop the scheme of lottery. I send herewith, for the information of Government copy of the Secretary's letter No.1772 dated 7th May 1928 stating that the Directors have --- decided to remove the objected portion from the Prospectus and that they will take the necessary steps to file a revised Prospectus very shortly. As the mere dropping of the scheme from the Prospectus does not meet the requirements of the Law, I have asked the Secretary to pass a special resolution

58-

Letter No.1722 dated 7th May 1928 from the Secretary,
All-India Mutual Aid & Poor Houses Association, Ltd., Mysore,
to the Registrar of Joint Stock Companies in Mysore, Bangalore.

Your kind letter No.C.421/dated
30th ultimo.

In acknowledging with thanks the receipt of our share bond prospectus returned by you, we have duly noted that you have been informed that the grant of loans by drawings under our scheme amounts to a lottery within the meaning of Section 294 A of the Indian Penal Code and the Directors will therefore render themselves liable to be prosecuted under the said Section in case the said portion is not expunged from the prospectus. In this connection, we beg to inform you that as all our exhaustive explanations in the matter could not convince you of the above-said grant of loans being perfectly legal, we do not think it worthwhile to dilate on the point any further.

Further, the Directors do not find that any useful purpose will be served by standing the test in a Court of Law as on the other hand the time, energy and money that may be wasted in the said direction, may be utilized for better things. Moreover, the main object of the Association is to do charity but not to grant loans. But a provision for the grant of loans to the donors had to be made only as an incentive to the would-be ones. The only advantage the donors in our Association have, is that half of the interest accrued on their donation amounts will be utilized for their own benefit whereas nothing will be utilized for the benefit of the donors in case of ordinary Charitable Endowments

In these circumstances the Directors have decided to respect your opinion and remove the objected portion from the prospectus as desired by you as the main object of the Association will not in any way be frustrated and the Shareholders may devise some other means to utilize the amount (meant for loans) for the benefit of the donors. The Directors would have done this long

ago without much loss and inconvenience if they had been kindly informed about this at the time of either Incorporation or the Issue of the Business Commencement Certificate. Anyhow, we will take necessary steps to revise the prospectus and file a copy with you very shortly.

" C O P Y "

Sprajacal
Registrar.

MDM.

9-2
1-25

IN YOUR COMMUNICATION.
PLEASE QUOTE THE NO.
OF THIS LETTER

Let. Address. :
"ASSOCIATION," Mysore

ALL-INDIA MUTUAL AID & POOR HOUSES ASSOCIATION, LTD.

(INCORPORATED IN INDIA)

HEAD OFFICE: MYSORE (S. INDIA)

No. 1807 Enc. 1

Dated 10th

REV. SECRETARY
A Y 1928
15 MAY 1928
DEVELOPMENT BRANCH.
D 9634



C.S. Balasundaram Iyer, Esq., B.A.,
3rd. Member of Council
to the Government of His Highness the
Maharaja of Mysore, BANGALORE.

Dear Sir,

(1) In inviting your kind attention to our letter No.1665 dated 30th ultimo praying for the grant of three months time for taking expert legal advice and also deciding the course to be adopted, we beg to bring to your kind notice that the case filed by the Registrar of Joint Stock Companies in the City Magistrate's Court here under Section 92 of the Mysore Companies -- Regulation was adjourned to the 29th of this month from the 8th instant (to which it had been posted) as no instructions were received by the Magistrate. Anyhow, since writing the abovesaid-letter, the Directors took the legal --- advice in the matter and all the experts both here and at Madras to whom the matter was referred are of unanimous opinion that the bonds issued by the -- Association are not debentures owing to the fact that the debentures according to the Etymological interpretation, Law and practice, are the deeds ---- issued for securing the repayment of a debt together with interest whereas - the bonds issued by the Association are to secure the grant of loans or payment of dividends till the grant of the said loans, in consideration of the - donations received by the Association from the Bondholders i.e., donors.

(2) They therefore say that the relation a debentureholder has to the person or body that issues the debenture is that which a creditor has to a debtor whereas the relation our bondholders have to the Association is that which the donors have to the Trustees. In support of their view, they have cited many authorities on the subject and for your kind perusal, we have --

enclosed herein a list of definitions given in some of the authorities cited by them. The following passage which will be found in page 47 of the Palmer Company Precedents Volume III will clearly show that our bonds cannot be considered to be even perpetual or irredeemable debentures ^{not only} as a debenture - - imports a debt and a deed under which the principal was never repayable cannot be a debenture/ but also perpetual debentures always do fix one or more contingencies in which the holder will be entitled to payment unlike our bonds.

PERPETUAL DEBENTURES. So, too, it would seem, that where the Company has power to borrow or raise money by the issue of debentures or otherwise, it may raise it by the issue of what are called perpetual debentures, i.e., debentures payable only in the event of winding up, or after six months' default in payment of interest; and it may be that power "to raise money by the issue of debentures" is sufficient to justify the issue of perpetual debentures. No doubt a debenture imports a debt, and possibly an instrument under which the principal was never to be repaid could not properly be called a debenture, though debentureholders under the Companies Clauses Acts have been given by the legislature only the "fruit of the tree"; but perpetual debentures always do fix one or more contingencies in which the holder will be entitled to payment, and very commonly reserve power to the Company to redeem at a premium on giving six months' notice.

(3) The experts further say that even assuming that our bonds are considered to be debentures, the Association or its Directors can ^{not} be considered to have violated the provision of Section 92 of the Mysore Companies Regulation KNOWINGLY when they did not file a copy of the prospectus with the Registrar under the honest belief that our bonds were not debentures, as the Section clearly says that those Officers who knowingly permit the default will become liable to the payment of penalties prescribed by the said Section. If we had really thought that our bonds were debentures and it had been our object not to file a copy of the prospectus, we would have never sent a copy of the prospectus to the Registrar and informed him that it was not to be filed with him. On the other hand, our belief that our bonds were not debentures was confirmed by the fact that the Registrar after acknowledging the receipt of our prospectus and also getting a bond form from us kept quiet without correcting our notion. If the Registrar had informed us that our bonds were debentures and we had postponed at least in filing a copy of

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of the prospectus with him, there would have been justification for a complaint being filed by the Registrar against us.

(4) In these circumstances, we beg to request that you will be graciously pleased to observe that any Court of Law will find difficulty in holding that either our bonds are debentures or we did not file a copy of the prospectus knowing that it was to be filed. But, the Directors do not find that any useful purpose will be served by standing the test in a Court of Law and not only the time, energy and money that will have to be wasted in that direction may be utilized for better purpose but also they are the first persons to respect the opinion of the Government and act according to their wishes to the very letter. This will be confirmed by the fact that the Directors have decided to discontinue the grant of loans by drawings and have informed the Registrar of Joint Stock Companies of the said fact though it was perfectly legal, as we were informed by the Provincial Directors at Bangalore that the abovesaid method was not acceptable to the Government.

(5) In this connection, we beg to impress upon your mind that the object of the Association is not to grant loans or pay dividends but to start Charitable Institutions. The provision for the grant of loans and payment of dividends had to be made as an incentive to the would-be donors. As the Government disapproved the grant of loans by drawings, the Directors proposed to the Shareholders to utilize the amount meant for loans in distributing among the heirs of the deceased donors in form of bonus every year as it will be a timely help to them. Now the sum and substance of the whole scheme is that all the principal donation amounts will be entirely and permanently invested in the Government Securities and out of the interest that accrues on the said donation amounts 45% will be utilized for maintaining Charitable Institutions and 45% in distributing ^{as bonus} among the heirs of the deceased donors the balance 10% being utilized for the working expenses of the Association. We trust that this modification will meet the kind approval of the Government.

as the principal amount will be kept in tact and only the interest will
utilized in helping the needy.

(6) So, in case the Government are of opinion that our bonds are debentures, the Directors will take it to be so and act according to Law. The Directors therefore pray that you may be graciously pleased to issue instructions to the Registrar to withdraw his complaint before the 29th instant, so that the case stands adjourned so that both the Government and the Association may be saved from further unnecessary expenditure. Before concluding this letter, we beg to impress upon your mind that the Directors are men of conscience and the honesty of their purpose is not in any way to be suspected. They have not done wrong in the past nor ~~do~~ they intend to do in the future. Anyhow, we solicit the favour of your kind compliance at your earliest convenience and thank you in anticipation.

We have the honour to be,

Sir,

Your most obedient servants,

M. K. Masannah
Chief Organizer.

DEFINITION OF DEBENTURES.

Hand Book on Joint Stock Companies by Sir Francis Gore Browne, M.A., K.C.A., Master of the Bench of Inner Temple, 35th Edition, Page 223.

Borrowing on Debentures.

The most usual form of borrowing by a Company is on --- debentures. These are bonds given under the seal of the Company and evidence the fact that the Company is liable to pay the - - amount specified, with interest and generally charge the payment of it upon the property of the Company. They are usually issued for sums varying from £.10 to £.100, and are offered to the public by means of a prospectus in the same manner as shares. The applications for and allotments of debentures are similar to --- those in the case of shares; but, as a debentureholder is a --- creditor, and not a member of the Company, widely different results follow.

Although moneys raised by debentures or on loan are ---- capital moneys, they do not form part of the share capital of the Company, but are a loan to and a debt due from the Company, and interest is payable whether there are or are not profits. ----- Debentures are the bonds or deeds which evidence the loan, and if they purport to give a charge, create the security for its repayment. The question whether a Company has power to issue debentures upon whether it has power to borrow money and the question whether it has power to create a charge by the debentures or by a Trust deed, and what assets it may charge, depends upon the powers of the Company to secure the repayment of borrowed money by mortgaging all or some part of its assets.

Advanced Accounts by Jamshed R. Batliboi, F.S.A.A., (Lon:) Fellow and Honoursman of the Society of Incorporated Accountants and Auditors (London), 4th Edition, page 209.

Debentures are documents acknowledging the loans borrowed

by a Company issued under its common seal and embodying the --- terms and conditions as to repayment of money, rate of interest, etc.

Practical Auditing by Ernest Evan Spicer, F.C.A., and Ernest C. Pegler, F.C.A., of the Firm of Spicer & Pegler, ----- Chartered Accountants, Mansion House Street, London, 3rd Edition, page 303.

A Debenture is a written acknowledgment of a debt by a Company under seal, containing provisions as to payment of ---- interest and repayment of principal. It may be either a simple or Naked Debenture, carrying no charge, or a Mortgage Debenture, carrying either a fixed or floating charge on some or all of the assets of the Company, either including or not, as the case may be, the uncalled Capital of the Company.

Advanced Accounts by R.N. Carter, M. Com., F.C.A., ----- Lecturer on Accounting at the University of Manchester, page 383

Debentures are loans to limited Companies bearing a fixed rate of interest, the principal being either repayable after a - certain number of years, or irredeemable during the existence of the Company. Irredeemable debentures are mostly issued in the case of Railway and other large Companies.

Auditors - Their Duties and Responsibilities by Francis W. Pixley of the Middle Temple, Barrister-At-Law, Fellow of the Institute of Chartered Accountants in England and Wales, 12th Edition, page 527.

In addition to the stock or shares there is another class of Capital frequently made use of by Companies, technically ---- known as "Debenture capital". This, as its name implies, is -- borrowed capital, the repayment of which may be secured to the -

lenders by a mortgage deed either on part or on the whole of the property of the Company.

No satisfactory definition of a debenture has so far been given. Chitty, J., discussed the term very fully in *Edmonds v. Blaina Furnaces Co.*, 36 Ch. D. 215, and stated, "The term itself imports a debt, an acknowledgment of a debt, and, speaking of the numerous and various forms of instruments which have been -- called debentures without any one being able to say the term is incorrectly used, I find that, generally, if not always, the --- instrument imports an obligation or covenant to pay. This ---- obligation or covenant is, in most cases at the present day, -- accompanied by some charge or security; so that there are debentures which are secured, and debentures which are not secured".

Company Law by Kaikhosru J. Rustomji, Barrister-at-Law, annotated upto December 1925, First Edition, page 163.

Definition of Debentures. A debenture may be roughly ---- described as an instrument under seal of a company providing for the payment of a principal sum and interest at a specified rate, and being one of a series of like debentures ranking *pari passu* and carrying a charge or secured on the Company's undertaking.

SUBJECT.....

Diary No. of letter replied to.....

Section *J.S.*

File No. *8-27*

Serial No. *33*

No. *D/2598 En 2*

General and Revenue Secretariat

()

the

192

To

The Registrar of
Joint Stock Companies,

Date of issue.....

21-5-28

Sir,

Signed by.....

M. V. Chary

I am directed to forward
herewith, letter No 1807 of 10-5-1928
with its enclosures, from the Chief
Organiser, All India Mutual
& Poor Houses Association, Ltd
Mysore, for favour of opinion
and obliging return. ~~Herewith~~

List of enclosures.....

~~Larger request~~

I have etc

Copied by

Examined by

VS

CPR
18/5

WR 19/5
For Secy to Govt
over *Rev. Depts*

S. 8-27-34

22 MAY 1928

DEVELOPMENT BRANCH

CONFIDENTIAL.

D.O.No.C.15/27-28.

Office of the Registrar of Joint
Stock Companies in Mysor

Encl. 14.

BANGALORE, dated 21st May 1928.

D 9812

Dear Sir,

Refer 225/28
Hand the 225/28 to the
been requested to take
* **Flag. J** With reference to your D.O.No.J.9999/J.S. 8-27-21 X dated 20th March 1928 regarding the preliminary investigation of the All-India Mutual Aid & Poor Houses Association, Ltd., under Section 196 A of the Criminal Procedure Code, I enclose herein a copy of letter No.Gl.742/27 dated 1st/3rd May 1928 together with its enclosures received from the District Magistrate, Mysore District, which among others contain a report on the preliminary investigation conducted by the Assistant Superintendent of Police, Mysore City, under the orders of the District Magistrate.

(2) It will be seen from the Assistant Superintendent's report that he is of opinion that action can be taken under both the paragraphs of Section 294 A of the Indian Penal Code. He also suggests the desirability of examining the accounts of the company and prosecuting the officers, etc., for swindling &c.

u/K (3) The Secretary of the company has already intimated that the Directors have decided to drop the objected scheme. He has been requested by this office to pass a special resolution making the necessary changes in the Articles of Association and file a copy thereof in this office as early as possible (Vide my D.O. No.C.421/27-28 dated 12th May 1928). In the above circumstances, I would venture to suggest for the consideration of Government if it would not be desirable to defer the question of instituting further proceedings under Section 294 A of the Criminal Procedure Code until a copy of the said special resolution is filed.

(4) As regards the offence of swindling &c., raised by the Assistant Superintendent he does not adduce any evidence to show that

that there has been any fraudulent act except the expenditure of large sums of money. The important items referred to seem to be covered by the Articles of Association and the Prospectus, and unless there is evidence of some fraud or criminal act in spending them no case for immediate action will arise.

(5) Moreover under the Companies Regulation, steps for the investigation of accounts &c. of a non-banking company can be taken only on the application of members holding not less than one-tenth of the shares issued or on a report submitted by me as per Section 138. No application from the share-holders has been received and for the submission of a report by me, I should have received the first Balance Sheet of the company which is due in this office in July next. On its receipt necessary explanations will be called for under Section 137 if found necessary.

Yours Sincerely,

J. P. Jayagopal

N. RAMA RAO, Esqr., B.A., B.L., .

Secretary to the Government of Mysore,

Development Departments, BANGALORE.

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Letter No.Gl.742/27(Encl. 1 file) dated 1st/3rd
May 1928 from the District Magistrate, Mysore District,
to the Registrar of Joint Stock Companies in Mysore.

In reply to your D.O.No.C.15/27-28 dated 24th
March 1928, I have the honour to forward in original
the report of the acting Assistant Superintendent of
Police, Mysore City, together with the letter No.1591
dated 23rd April 1928, received from the Chief Organiser
of the Association and letter No.553/27-28 dated 26th April/
1928, received from the Public Prosecutor for information
and further opinion.

" C O P Y "

Sphajag onal

Registrar of Joint Stock
Companies in Mysore.

HR

DL

.....

No. D 73 / *incl one file*

192

Dear Sir

with reference to your

Letter no. 20. C.15-27 of 21st May 28.

Suggesting that further proceedings
against the Ale-Indian Mutual
Aid and Poor Houses Assocⁿ may
be deferred pending receipt of

a special resolution by the Assessee
objected to
that the ~~objeto~~ scheme will be.

dropped, I am obliged to

that your suggestion is ~~accepted~~
approved. The enclosure to you

Items under refs. are herewith

Copy to Mr. Wright-Meyers for information	for action.
	WD0325-G

returning over

WSP
Vib

Pro 1
for 45 min

108.
1.6.28

119

16

IN YOUR COMMUNICATION.
PLEASE QUOTE THE NO.
OF THIS LETTER

॥ ॐ ॥

J.S. 8-27-37
Tel. Address :
"ASSOCIATION," Mysore

ALL-INDIA MUTUAL AID & POOR HOUSES ASSOCIATION, LTD.

(INCORPORATED IN INDIA)

HEAD OFFICE: MYSORE (S. INDIA)

to office please
No. 1911
WJ
To 25-5-28

Dated 24th MAY 1928.

990
25 MAY 1928

Vijaya

WJ The Secretary,
Development Department to the Govt:
of His Highness the Maharaja of Mysore,
BANGALORE.

Dear Sir,

In inviting your kind attention to this Office letter No. 1807 dated 10/11th instant addressed to the 3rd Member of Council to the Government of Mysore requesting to kindly order for the withdrawal of the case - filed by the Registrar of Joint Stock Companies in Mysore, Bangalore, ---- against the abovesaid Association and its Directors in the City Magistrate Court here, we beg to inform you that the abovesaid case stands adjourned to the 29th of this month as mentioned in our abovesaid letter and so request to be kindly informed at your earliest convenience whether the Government were pleased to comply with our request.

Begging to be kindly excused for the trouble and thanking you in anticipation,

The original petition was forwarded to the Registrar J.S. Co's for remarks; no reply has yet been received. The main file has been sent to the 14th Member (D. no 9816) and will receive an interim reply by order.

See D)
25-5-28
98

We have the honour to be,
Sir,
Your most obedient servants,

M. A. Appanna
Chief Organizer.

WJ 26/5
Issue
WJ 29/5
29 528

SUBJECT

Diary No. of letter replied to

GENERAL AND REVENUE SECRETARIAT

()
the 191

Date of issue

Signed by

6/6/28
M. V. V. Charya

No. 1911 date 24.5.28

Subject.

with drawal of the
case filed by the Regt. of
J. S. Co. appt. in the
Indie military Act above
House Doore

77
Section.

File No.

Serial No.

No.

D/2463
M. L. Naganna Esq.

Sir

am directed to acknowledge the receipt of
your communication noted in the margin and to state
that the matter referred to therein ^{is receiving} ~~will receive~~ early
attention.

I have etc.,

UP 26/5
In the

Secretary to Government.

785'

27/5

29.5.28

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

no 650
27-28.

MEMORANDUM

Camp 0 45

From
C.

To

1st June 1928

The Public Prosecutor,

The Secretary to Government

Mysore Division, Mysore.

Development Department, Bangalore.

Has the honour to state that as desired by him in his D.C. No. 2120 J.S.8-27-30 dated 11th May 1928, addressed to the District Magistrate Mysore District, to the effect that 3 months time may be obtained in case filed against the All India Mutual Aid and Poor Houses Association, Ltd., in the City Magistrate's court, Mysore, a communication was addressed to the City Magistrate to kindly adjourn the case to some date after months from now. The case was adjourned to the 21st instant tentatively instead of being adjourned at a stretch and a further adjournment may be obtained on the 21st instant, if necessary.

Subd. info

M. S. S. S.

Public Prosecutor, Mysore

WD 1745-QPB-150 Reams-23-27

seen
28/7/28

R. H.

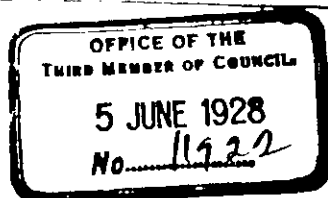
6 28

4/6

R. H.

7 6 28

[Please reply overleaf]



N.B.—Should routine notes be written on small slips,
the notes must be copied, or slips pasted on
this form

GOVERNMENT OF MYSORE.

f. S. 8-27-40

IN REPLY PLEASE REFER TO
NO. C.15/27-28.
ENCL. *one*

If the Government give an assurance of the kind repd to by the Regt. Co. the matter may be settled without trouble.

Office of the Registrar of Joint Stock Companies in Mysore.

Dated, Bangalore.....12th June...1928

FROM

S. P. RAJAGOPALAN, Esqr., B.A., B.L.

~~XXXXXX~~ XXXXXXXX ~~XXXXXX~~ XXXXXXXX

Registrar of Joint Stock Companies in Mysore.

REV. SECRETARY
13 JUNE 1928

DEVELOPMENT BRANCH.

OFFICE OF THE
SECOND MEMBER OF COUNCIL
18 JUNE 1928
No. 12078

N. RAMA RAO, Esqr., B.A., B.L.
Secretary to the Government of
His Highness the Maharaja of Mysore,
Development Department, Bangalore.

11243

Sir,

With reference to your letter No.D.12598/J.S.8-27 dated 20th May 1928 forwarding the petition dated 10th May 1928 from the Chief Organiser of the All-India Mutual Aid & Poor Houses Association, Ltd. and calling for my opinion thereon, I have the honour to state:

That the Company has also sent me several communications on the subject. Mr. Nagannah has evidently plenty of time to devote to this correspondence and it will not be possible for me to deal with every point raised in his petition. The only important point at issue is whether the bonds issued by the Company are debentures or not. Government have been advised by the Legal Remembrancer that they partake of the nature of debentures. But on the other hand the Company has maintained that they are not debentures. The greater part of the petition under reference is devoted to maintaining that position. In the above circumstances the only way to come to a definite decision is by having the matter threshed out in a Court of Law. This is the course now adopted by Government.

(2) after learning that the matter has been taken to the Court, Mr. Nagannah has sent some letters showing some inclination to act in accordance with the instructions of Government. If Government are satisfied with his attitude and if he would give a definite assurance that he would not transgress the law as regards the filing of the Prospectus, copies of which have been issued, I

I do not think we can accept such assurances from such a person who is a shifty fellow. We have 12 months for the matter. I believe a touchy necessity for a letter from the more active party soon.

19/6
19/6
19/6

Done
19/6

have no objection to having the case withdrawn as the object of Government is merely to enforce compliance with the law and not to be vindictive.

(3) As regards the scheme referred to in paragraph 5 of the petition, I may state that we have nothing to do with it at this stage. If it is passed by means of a special resolution as required by Section 81 of the Mysore Companies Regulation and received in this office for being recorded under Section 82 of the said Regulation, its merits will be looked into in order to see whether it contravenes any of the provisions of the company or any other law.

(4) The petition is herewith returned as desired.

I have the honour to be

Sir,

Your most obedient servant,

Amayagondal
Registrar.

MDM.

hs

SUBJECT.....

Diary No. of letter replied to.....

General and Revenue Secretariat

the

192

Date of issue.....

4/7/28

Signed by.....

Mr. N. Ramana Rao

List of enclosures....

Copied by

Examined by

Confidential

Section J.S

File No. 8-27

Serial No. 4?

No.

D 57

S. P. Rajagopalachari Esq. B.A. B.A.

To

The Registrar of

Joint Stock Companies
in Mysore

Dear Sir,

With reference to your letter
No C 15 / 27-28 dt 12th June 1928,
offering your opinion on the
petition received from the Chief
Organiser of the All India Mutual
Aid & Poor Houses Association

Ltd Mysore, I am desirous to
~~not disposed to~~ attach much importance to
State that the assurances held
out by Mr. Naganna are not
~~acceptable to Govt~~ In this
over

Gent are

Connecticut I am to add that
US three months time has
already been given to the
Company as prayed for, to
Concert measures for weaving
the Association to the satisfaction
of Govt. (^{Vide this office} ~~in order~~ NO D 12120 / P.S. 8-27-30 *
9-11-5-1928) no action seems
to be necessary at present. ~~and~~
~~that~~ the prosecution may go on
after the lapse of the time limit
if ^{in the} ~~they~~ ^{meanwhile the Assn does} ~~do not~~ ^{suitable} take action ^{if}
in respect of the bonds ~~referred~~ in question -
~~by that time~~

Yours sincerely

WZ

CAR
23/6.

UP
23/6

Sent to Govt DD

GOVERNMENT OF MYSORE.

17d. S. 8-27-44

IN REPLY PLEASE REFER TO
NO. **C.421/27-28**
ENCL. **One**

It is difficult to get this Co. to take action. The Reg. may be authorized to take action as proposed in para 3 of his letter.

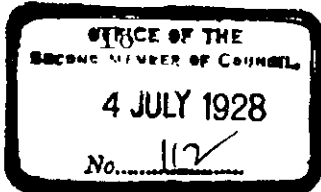
Office of the Registrar of Joint Stock Companies
in Mysore.

Dated, Bangalore... *3rd July* 1928.

S. P. Rajagopalachari, Esq., B.A., B.L.,
~~XXXXXX~~

Registrar of Joint Stock Companies in Mysore.

GEN. & REV. SECRETARY
167
4 JULY 1928
DEVELOPMENT BRANCH



4/7 Order and
N. Rama Rao, Esq., B.A., B.L.
Secretary to the Government of His Highness
the Maharaja of Mysore, Development Departments,
Bangalore.

S i r

In continuation of this office letter No. C.15/27-28 dated 12th June 1928, I have the honour to forward herewith, a copy of letter No 1901 dated 22nd May 1928 received from the Secretary of the All-India Mutual Aid and Poor Houses Association, Limited, and to state that the attitude adopted by Mr. M. L. Nagannah in this letter as regards compliance with this office requisitions seems to be somewhat different from his attitude shown ~~from~~ in his previous letter dated 7th May 1928 (vide enclosure to my D.O No.C.421/27-28 dated 12th May 1928) He appears to have issued the prospectus which he was asked not to issue until he received the intimation of its filing and which was returned as per paragraph 1 of your D.O. No.D. 1244/J.S.8-27-6 dated 21st April 1928. He wants me to withdraw the case already in Court and to give him an assurance that the question of drawings is ended and even if this is done, the Directors will either propose the discontinuance of the drawings or start the Association elsewhere.

(2) I am afraid that this attitude is exactly the opposite of what Government would like. In my opinion it is Mr. Nagannah that should give the assurance that he will not transgress the law and that he will take all necessary action for passing the special resolution with a view to close the lottery as advised by this office before Government could promise that the case against him would be withdrawn and that no action would be taken on the lottery scheme.

90

(3) In view of the contradictory nature of these communications, I would request Government to permit me to inform him definitely that until he takes definite steps to have the special resolution cancelling the lottery scheme passed and give an undertaking that he would comply with the requirements of the law, Government cannot give him any assurance about the withdrawal of the case or the dropping of the question of lottery.

I have the honour to be,

S i r ,

Your most obedient servant,

Sd/-, a. g. n. d.

R E G I S T R A R

NPS.

hws

Copy of letter dated 22nd May 1928, No.1901 from the Secretary, All-India Mutual Aid and Poor Houses Association, Limited, Mysore, to the Registrar of ~~Joint~~ Joint Stock Companies in Mysore, Bangalore.

Your kind letter No.C.421 dated 18th instant.

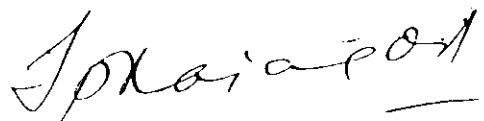
(1) In reply, we beg to inform you that from our letters Nos. 1722 and 1850 dated 7th and 15th idem respectively, you find that we showed our inclination to discontinue the grant of loans by drawings and thereby respect your wishes not because that the said grant of loans was in any way illegal and the Directors thereby were afraid of the conviction for the reasons mentioned in our letter No.1591 dated 23rd ultimo (addressed to the District Magistrate here) a copy of which was submitted to you but because they (the Directors) wanted to save time energy and money which may be wasted in defending themselves in a Court of Law. But, as we see that not only a case filed by you is already pending in the City Magistrate's Court here but also you could not definitely say that the question relating to the drawings was dropped, the Directors feel that their object will not have been fulfilled.

(2) We beg to inform you therefore that in case you will be pleased to withdraw the case in the Court as abovesaid and also definitely give us a reply that the question relating to the drawings is ended, the Directors will immediately propose to the shareholders either to discontinue the grant of loans by drawings and devise some other means to benefit the donors with the amount meant for loans, or to close the Association here and start the same in any other Province (outside the Mysore State) to the Government of which the objects and -- methods of the working of the Association will be acceptable as no concern can thrive without the sympathy and moral support of the Local Government however laudable our objects may be, however legal the business may be, however sound and -- practicable the schemes may be and however honest and sincere

the purpose of the promoters may be.

(3) So, we trust that you will be pleased to issue necessary instructions to the Public Prosecutor ~~Myxare~~ here to withdraw the case from the Court before the 29th instant to which ~~xxxx~~ ~~in~~ date the said case stands adjourned more particularly when no Court of real justice can declare our bonds (which provide mere grant of loans or payment~~g~~/ of dividends to the donors) to be debentures which are the acknowledgments of debts, as also to the District Magistrate to return the proceedings Book to us so that the Directors may understand that they will have nothing to do with the Court and thereby take necessary steps for the amendment of the Articles of Association by the Shareholders.

(4) As regards the share and bond prospectus returned by you with your kind letter No.C 421 dated 30th ultimo, the Directors on taking expert legal advice consider it necessary that the said prospectus should be filed with you and remain in force till the present Articles are amended and fresh prospectus is issued as the said prospectus is based on the existing Articles of Association and the shares and bonds have been issued on the basis of the same. We beg to submit therefore the said prospectus herewith and request you to kindly file the same as there is no provision in the Company law for refusing to file it when we have complied with the provisions of the said Law and also amended the prospectus strictly in accordance with your kind instructions.



NPS.

1452
..

R E G I S T R A R

SUBJECT.....

Diary No. of letter replied to.....

General and Revenue Secretariat

()
the 192

Date of issue.....

Signed by.....

W. P. G. II
Conf

Section

~~2227~~ g.s

File No.

8-27

Serial No.

45

No.

8215

To

The Registrar of

J.S.C.

Sir,

With reference to your letter No
C 421/27-28 dt 3-7-1928, I
am directed to state that Govt
approve of your proposed Canton
in para 3) of the letter under
reference and to request you to
be so good as to inform ^{the} ~~the~~ ^{the} ~~the~~
definitely that until we take
definite steps to have the Special
Resolution Cancelling the letter
Scheme passed and give an
over

List of enclosures.....

Copied by

Examined by

undertakings that he would comply
with the requirements of the law,
Govt cannot give him any
assurance about the withdrawal
of the case or the dropping of the further proceedings
~~Question of~~^{re} lottery scheme -

I have etc

MR

Mr. Jey to Govt

Dev. sect

Chrs

of

GOVERNMENT OF MYSORE.

IN REPLY PLEASE REFER TO
C.421/27-28
NO.
ENCL. *Five*

Office of the Registrar of Joint Stock Companies
in Mysore.

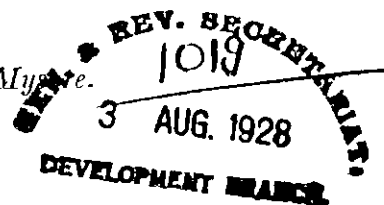
Dated, Bangalore...2nd...August...1928.

FROM

Vyank
2 8 28
UR 2/6
S. P. Rajagopalachari, Esqr., B.A., B.L.,
~~XXXXXXXXXXXXXXXXXXXX~~
Registrar of Joint Stock Companies in Mysore.

To

N. Rama Rao, Esqr., B.A., B.L.,
Secretary to the Government of
His Highness the Maharaja of Mysore,
Development Departments, BANGALORE.



Sir,

85 8-27-46

With reference to your letter No.D.215/J.S.8-27-44 dated 7th July 1928, I have the honour to state that the Secretary of the All-India Mutual Aid & Poor Houses Association, Ltd. was informed accordingly. In reply, Mr. M. I. Nagannah has sent the accompanying letter No.2513 dated 20th July 1928 with 4 enclosures.

(2) Mr. Nagannah repeats the arguments which he has placed before Government a number of times already that the loan scheme of the company is not a lottery I am unable to comment fully thereon as the detailed grounds on which the scheme has been held to be a lottery have not been furnished to me. I submit it for the orders of Government whether any need for fresh consideration has been made out.

(3) I also submit for the orders of Government the request of -- Mr. Nagannah for the authorisation of the loan scheme by Government if it is finally held to be a lottery. While it is true that the Company has been committed to these drawings and will suffer loss, if these are discontinued the question has also to be looked at from a general point of view. It has also to be stated that any authorisation granted will only exempt the Company from punishment under Section 294-A Indian Penal Code but that it is open to doubt whether the scheme would otherwise be legal so as to make contracts made between the company and parties

valid

valid in law.

I have the honour to be,

Sir,

Your most obedient servant,

J. M. A. S. G. O. R. A. H.
Registrar.

MDM. HR

SUBJECT.....

Diary No. of letter replied to.....

General and Revenue Secretariat

the

192

Date of issue...18. 8. 28

Signed by...*Mr. V. V. Charya*

List of enclosures.....

Copied by

Examined by

Section

File No.

Serial No.

No. D 2155 Eu 5

To

*The Registrar of Joint Stock
Companies*

Sir,

With reference to your letter No 421 / 27-28 dt 2-8-1928, forwarding letter No 2513 dt 20-7-1928 with enclosures from Mr. M. L. Nagannah, ^{asto} for orders of Govt. Whether any need for fresh consideration has been made out, I am directed to state ^{that} the decision of Govt. ^{already} conveyed through my letter No D 215 / J.S. 8-27-45 dt 7-7-1928 ~~is~~ is conclusive on the subject and that Govt. ~~cons~~

over

that it is inexpedient ~~to~~ at this
stage to enter into a ^{further} discussion
~~on the subject~~ I

I am to add that the

Proceedings may go on after the
lapse of the time limit if ~~in the~~
~~event~~ the Association does not
take suitable action in respect
of the bonds in question

I have etc

WG

16/8

~~See~~ Secy to Govt

REV. Sept

18/8

18828

CBR
14/8



x (D5) / 18-58-V-43 Flag H
within that time ^{21 4/7/4)}

The enclosures
received with
your letter under
reply are here-
with returned

IMMEDIATE

D. O. N.

GEN. & REV. SEC. DEPT.
1524
17 AUG. 1928
DEVELOPMENT BRANCH.

OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE.

Bangalore, 16th August 1928

Dear Sir,

1486

Kindly refer to this office
letter No.C.421/27-28 dated 2nd August
1928.

As the Bond Prospectus case
against the All-India Mutual Aid and Poor
Houses Association, Limited and its Direc-
tors instituted in the City Magistrate's
Court, Mysore, has been posted to 23rd
August 1928, I request that the orders of
Government on Mr. Nagannah's papers may
kindly be communicated to me.

Yours sincerely,

Spxa, ag ora

To

N. Rama Rao, Esq., B.A., B.L.,
Secretary to the Government of
His Highness the Maharaja of Mysore
Development Departments.

GOVERNMENT OF MYSORE.

IN REPLY PLEASE REFER TO
NO. C. 15/27-28
ENCL. one

90
Office of the Registrar of Joint Stock Companies
in Mysore.

Dated, Bangalore. 16th August 1928.

FROM

S. P. Rajagopalachari, Esq., B.A., B.L.,
VARATHYAGARAJA IYER, Esq., M.A.,

Registrar of Joint Stock Companies in Mysore.

GEN. & REV. 1486
15.8.28
DEVELOPMENT BRANCH.

To

N. Rama Rao, Esq., B.A., B.L.,
Secretary to the Government of His Highness
the Maharaja of Mysore, Bangalore.
Development Departments.

Sir,

9.8-27-48
1.1.

In continuation of this office letter No. 421/27-28 dated
2nd August 1928, I have the honour to forward herewith, for the in-
formation of Government a copy of letter No. 2723 dated 9th August 1928
received from the Chief Organizer of the All-India Mutual Aid and Poor
Houses Association, Limited, Mysore.

Immediate

Submit with the file

WR

16/8/28

223.

WR

The file has been separately subd today
See D)

WR 16/8

WR
17/8/28

I have the honour to be,

Sir,

Your most obedient servant,

S. Rajagopalachari

REGISTRAR.

Copy of letter No.2723 dated 9th August 1928 from the Chief Organizer, All-India Mutual Aid and Poor Houses Association, Limited, Mysore to the Registrar of Joint Stock Companies in Mysore, Bangalore.

In continuation of this office letter No.2513 dated 20th ultimo, we beg to inform you that as mentioned in the said -- letter that an Extra-ordinary General meeting of the shareholders of the Association was held on the 5th instant and the following Extra-ordinary Resolution was passed by them.

"Resolved that a Company be got registered with the name of this Association itself in Madras under the Indian Companies Act No.VII of 1913 and this Association be -- amalgamated with the said company (i.e., getting the shareholders of this Association allotted the same number of shares of the new company as are held by them in this Association and also transferring the Assets and Liabilities of this Association to the new company as on the date of transfer) soon after the Business Commencement Certificate is received by the said Company".

As the above said resolution is to be passed as a special Resolution according to Law, another Extra-ordinary General Meeting will be held on the 26th instant for confirming the -- above said Resolution and a notice of the said meeting has been duly published in the "Mysore Patriot" of Mysore and "Hindu" of Madras in their issues of the 7th instant. You will therefore see that after the confirmation of the abovesaid Resolution on the 26th instant, we will be obliged to make necessary arrangements for the registration of the new Association and the amalgamation of this Association with the same.

In these circumstances, we trust that you must have by this time recommended our case to Government for favourable consideration and the Government also will be graciously pleased to send us a favourable reply before the abovesaid date. In the meanwhile as you have been aware of the fact that the De-

Debenture case against the Association stands adjourned to the 23rd inst. necessary instructions may be kindly issued to the Public Prosecutor to withdraw the case as there is no necessity for the case to be pending in the Court when not only we have respected the wishes of Government by accepting our Donation bonds as Debentures and filing a copy of the prospectus -- thereof with you but also we are going to close the Association in case no favourable reply is received from the Government

Soliciting an early compliance and thanking you in anticipation,

236212

"J C F Y"

Amayagoral
R E G I S T R A R .

IMMEDIATE.

D.O.No.C.421/27-28.

Office of the Registrar of Joint
Stock Companies in Mysore,

BANGALORE, dated 21st August 1928.

Dear Sir,

Ref. "B"

with reference to your letter No. 2150/J.S.8-27 dated

18th August 1928 stating that it is inexpedient at this stage to
enter ^{into} a further discussion of the loan scheme of the All-India

Mutual Aid & Poor Houses Association, Ltd., and that the prosecu-

tion may go on after the lapse of the time limit if within that

time the Association does not take suitable action in respect of

the bonds in question, I write to invite your kind reference to

your D.O.No.D.12120/J.S.8-27-30 dated 11th May 1928 addressed to

the District Magistrate stating that either the Company should

take steps to work on unobjectionable lines or to close itself.

Mr. Nagannah has stated that a special resolution has been passed

on the 5th instant by the Shareholders authorising the registra-

tion of a company in Madras and amalgamating the Mysore Company

with it and it will be brought for confirmation on the 28th

instant (Vide enclosure to this office letter No. J.15/27-28 dated

16th August 1928) As the Association will thus cease to exist

in the Mysore State, if the proposition is carried, there does not

appear to be any further necessity to proceed with the case. I,

therefore, beg to suggest that I may kindly be permitted to with-

draw it.

(2) Pending the receipt of orders on my suggestion, I have
written to the Public Prosecutor, Mysore, to obtain a month's
adjournment of the case which is posted to the 23rd instant.

Yours sincerely,

Sd/- M. Rama Rao

M. RAMA RAO, Esqr., B.A., B.L.,
Secretary to the Government of
His Highness the Maharaja of Mysore,
Development Departments, BANGALORE.

SUBJECT.....

Diary No. of letter replied to.....

Section

V.5

File No.

8-27

Serial No.

49

No. D -

2468

General and Revenue Secretariat

the

192

To

S. P. Rajagopalachari Esq. B.A.
B.L.

Regy. of J-Sc

Date of issue.....

28/8/28

Signed by.....

Mr. L. V. Acharya

Dear Sir,

With reference to your S.O. No.

C 421 / 207-28 of 21st August 1928,

Requesting permission to withdraw
the Case filed against the All India
Mutual Aid and Poor Houses Association
Ltd, in the City Magistrate's Court

List of enclosures.....

Hypre, I am desired to state that
Govt agree that if the Resolution
of the Company to shift the
Association's activities out of Hypre

Copied by

Examined by

over

95

is Carried into effect, there would
be no need to ~~press~~ ~~press~~ the
Prosecution.

however

I am to add that the withdrawal
of the Case might be deferred and
the Case kept Pending, till the
transfer to Madras, actually takes
place.

Yours Sincerely

CPR 1/5
24/8

WR
25/8

WR
25 8 28

Muk
27.5.25

Serial
No.

subd for info

(Office, submit with
refers)

J. S. 8-27-49
(for file)
(for balance)

(1st Member)

D.O. No. C.421/27-28.

18/12/28 19/12/28 19/12/28

OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE

Bangalore 17th December 1928

REV. SECRETARY
17 DEC. 1928
RECEIVED DRAFTER

Dear Sir,

Flag "A"

With reference to your D.O. No. 2468/J.S. 8-27-49 dated 28th August 1928, I write to say that the case against the All-India Mutual Aid and Poor Houses Association, Limited, stands adjourned to 20th December 1928.

(2) The Secretary of the company has reported that a company by name Universal Mutual Aid and Poor Houses Association, Limited, was registered under the Indian Companies Act in Madras, on the 15th October 1928 and that it obtained the certificate of commencement of business on the 26th October 1928. He has also sent a special resolution passed and confirmed on the 21st October and 12th November 1928 respectively authorising the winding up of the Mysore Company and its amalgamation with the Madras company. Consequently the Mysore Company is under liquidation and will be dissolved in due course.

(3) As Mr. Nagannah has thus complied with one of the conditions laid down by Government, namely, the

OFFICE OF THE
REGISTRAR
MYSORE

19 DEC. 1928

No. 3740

1st of January

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21/12/28
15-

Serial
No.

Refer W 12/12/28
D. O. No. C 15/27-28
OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE.
BANGALORE, 18th December 1928.
J.S. 8-27-35

Dear Sir,

With reference to your D.O. No. X D.73/J.S.8-27-35³⁶ dated 2nd June 1928 regarding the institution of further proceedings against the officers of the All-India Mutual Aid and Poor Houses Association, Limited, under Section 294-A of the Indian Penal Code I beg leave to suggest to Government that, as the company has passed a winding up resolution and is consequently under liquidation and will be dissolved in due course, there is no necessity to institute further proceedings against its officers under Section 294-A of the Indian Penal Code. If this suggestion is approved the District -- Magistrate, Mysore, will be requested to return to the company the books and papers (Vide my D.O. No.C.421/27-28 dated 22-5-1928 and your D.O. No.D.12962/J.S.8-27-39 dated 5th/6th *June 1928) seized by the Assistant Superintendent of Police in the course of his investigation.

Yours sincerely,

J. R. Jayagopal

To

N. Rama Rao Esq., B.A., B.L.,
Secretary to the Government of
His Highness the Maharaja of Mysore,
Development Departments,
Bangalore.

Flag "X"

D Flag "Y"
(J.S. 8-27-35 linked file)

Flag "Z"
(Please see linked file)
Placed below.

No. 3975

Serial
No.

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1st Member
D. O. No. C 421/27-28

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29 DEC. 1928
SECRETARIAT
DEVELOPMENT BRANCH
OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE.

me
31/12/28
Bangalore, 28th December 1928

WR
31/12
Dear Sir,

In continuation of this Office D.O.
No.C.421/27-28 dated 17th December 1928, I
beg to report for the information of -
Government, that the Public Prosecutor, -
Mysore, has intimated that the City Magis-
trate, Mysore, permitted the withdrawal of
the case against the All-India Mutual and
Poor Houses Association and acquitted the
accused under Section 248 of the Criminal
Procedure Code.

Yours sincerely,

G. Rudrapa

N. Rama Rao, Esq., B.A., B.L.,
Secretary to Government of Mysore,
Development Departments,
Bangalore.

SUBJECT.....

99

Diary No. of letter replied to.....

Section

J.S.

File No.

8-27

Serial No.

53

No.

96937

General and Revenue Secretariat

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192

To

The Registrar of Joint Stock

Companies in Mysore

Date of issue.....

4/1/29

Signed by

M. C. P. Noronha

Sir,

With reference to your G.O. letter No. C.15/27-28, of the 18th December 1928, I am directed to state that Govt agree with you approve of your suggestion that there is no necessity to institute further proceedings against the officers of the All India Mutual Aid and Poor Houses Association Ltd, under Section 294 A of the I.P.C, in view of the resolution of the company to wind up the concern and to request that the order which

st of enclosures.....

Copied by.....

Examined by.....

over

100

Magistrate, Mysore may be kindly
~~requested~~ to return ^{to} the Company
the books and papers seized by the
Assistant Supt of Police

I have etc



Secy to Govt

BW. Spts.

CRU 102
28/11 29/12

GOVERNMENT OF MYSORE.

IN REPLY PLEASE REFER TO
NO. C.421/27-28
ENCL.

Office of the Registrar of Joint Stock Companies
in Mysore.

Dated, Bangalore..... 8th January 1929

FROM

V. R. THYAGARAJA IYER, Esq., M.A.,

The Registrar of Joint Stock Companies in Mysore.

To

N. Rama Rao, Esq., B.A., B.L.,
Secretary to the Government of His Highness
the Maharaja of Mysore, Development
Departments, Bangalore.

S i r

With reference to the correspondence ending with this
office D.C.No.C.421/27-28 dated 28th December 1928, I have the honour
to forward herewith a bill for Rs.26 received from the Public Prosec-
utor and Government Pleader, Mysore for work done in connection with
the prosecution of the All-India Mutual Aid and Poor Houses Associa-
tion, Limited.

(2) Originally the District Registrar and Ex-Officio
Assistant Registrar of Joint Stock Companies, Mysore District was
authorised under Rule 8 of Notification No. 11002/I&C.6-18-21 dated
12th May 1919 to institute and conduct the prosecution but as that
officer requested that the Public Prosecutor might be authorised to
institute and conduct it he was authorised to do so by me under Rules
8, 9 and 10 of the said Notification.

(3) I request that sanction of Government may kindly
be obtained to the payment of the bill from the contingent grant of
this Department for the current year.

I have the honour to be,
S i r,
Your most obedient servant,
Assistant Commissioner
in charge of the office
of the Registrar.

NPS.

SUBJECT.....

Diary No. of letter replied to.....

Sec J.S

File No. 8-27

Serial No. 55

General and revenue Secretariat

the () 192

Proceedings of the Government of
His Highness the Maharaja of Mysore.

Read—

Date of issue..... 15/2/29

Signed by..... Mr. C. Aronha

Letter No CH.21/27-28 of the 8th January 1929 from the Registrar of Joint Stock Companies in Mysore forwarding a bill for Rs 26/- received from the Public Prosecutor and Counsel, Mysore, for work done in connection with the prosecution of the

May this be

- i Printed ?
- ii treated as a standing order ?
- iii published in the Gazette, English Part ?
- iv translated ?
- v placed at the disposal of the press ?
- vi published in the Gazette, Kannada Part ?

Order Thereon No.

All India Mutual Aid and Poor Houses Association Limited and Requesting Sanction for the payment of the bill from the Contingent Grant of the Department for the current year.

103

Order. No. G 8272 3/ dated 15/2/29
Sanctioned

NR
12 2 29

Secy to Govt
Development Dept.

Cer
1.2.29

To

The Registrar of Joint Stock Companies with the
The Comptroller to Govt.

CRR
1/2/29

VS

List of enclosur

Copied by

Examined by

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PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE.

104

Read

Letter No.C.421/27-28 dated the 8th January 1929 from the Registrar of Joint Stock Companies in Mysore forwarding a bill for Rs.26/- received from the Public Prosecutor and Government Pleader, Mysore, for work done in connection with the Prosecution of the All India Mutual Aid and Poor Houses Association Limited and requesting sanction for the payment of the bill from the contingent grant of the Department for the current year.

Order No.D. 8272-73/ *g.s* *Stas. 8-27-55*

Dated, Bangalore, 15th February 1929.

S a n c t i o n e d.

C. S. Srinivasan
Secretary to Government,
Development Departments.
CPR

To

The Registrar of Joint Stock Companies in Mysore. with the
The Comptroller to Government.

ACH.3.